



Republic of the Philippines
Supreme Court
Manila

SECOND DIVISION

EDMOND LIM and GERD PALAND,
Petitioners,

G.R. No. 193569

Present:

-versus-

LEONEN, J., *Chairperson*,
LAZARO-JAVIER,
INTING,*
LOPEZ, J., and
KHO, JR., JJ.

CATALINA SEE,

Respondent.

Promulgated:

JAN 25 2023

X-----X

DECISION

LOPEZ, J. J.

This Court resolves a Petition for Review on *Certiorari*¹ assailing the Decision² and Resolution³ of the Court of Appeals (CA), which reversed the Decision⁴ of the Director General of the Intellectual Property Office. The Office of the Director General-Intellectual Property Office reversed and set

* Per Raffle dated June 3, 2022.

¹ *Rollo*, pp. 10–36.

² *Id.* at 40–68. The April 21, 2010 Decision in CA-G.R. SP No. 108067 was penned by Associate Justice Elihu A. Ybañez, and concurred in by Associate Justices Estela M. Perlas-Bernabe (a retired Member of this Court) and Mario V. Lopez (now a Member of this Court), Special Fourth Division, Court of Appeals, Manila.



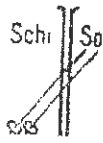


³ *Id.* at 70–71. The August 12, 2010 Resolution in CA-G.R. SP No. 108067 was penned by Associate Justice Elihu A. Ybañez, and concurred in by Associate Justices Estela M. Perlas-Bernabe (a retired Member of this Court) and Mario V. Lopez (now a Member of this Court), Former Special Fourth Division, Court of Appeals, Manila.

⁴ *Id.* at 228–238. The March 13, 2009 Decision was penned by Director General Adrian S. Cristobal, Jr., Intellectual Property Office, Makati City.

aside the Decision⁵ rendered by the Bureau of Legal Affairs-Intellectual Property Office which denied the Notice of Opposition filed by Edmond Lim and Gerd Paland (*Lim and Paland*) against the applications for trademark registration of Catalina See (*See*). As such, the assailed CA rulings allowed the trademark registration filed by See, except for the mark SCHISO & DEVICE.

Facts

On March 20, 2000, Chai Seng Ang (*Ang*),⁶ the predecessor of See, filed six applications for the registration of the trademarks with the Intellectual Property Office, as follows:⁷

1. "CROWN DEVICE"	
2. "JOWIKA & DEVICE"	
3. "SCHISO & DEVICE"	
4. "DEVICE MARK"	
5. "CROWN"	Crown
6. "ORO & DEVICE"	

All of which are used to designate nippers, scissors, nail cutters, cutlery, file, spoon, and knife.⁸

⁵ *Id.* at 73–89. The December 22, 2006 Decision in Decision No. 2006-146 was penned by Bureau of Legal Affairs Director Estrellita Beltran-Abelardo, Intellectual Property Office, Makati City.

⁶ Also referred to as Alex Ang in some parts of the *rollo*.

⁷ *CA rollo*, pp. 339–362. Accessible through the Philippine Trademark Database containing trademark information from the Intellectual Property Office of the Philippines <<https://branddb.wipo.int/branddb/ph/en/>>.

⁸ *Rollo*, p. 41.

On February 26, 2003, Ang filed Assignments of Trademark⁹ dated March 22, 2000 with the Bureau of Trademarks, transferring or assigning the subject applications in favor of See. On the same day, Declarations of Actual Use¹⁰ for the subject applications were filed by See.

Sometime in 2004, Lim learned that See was in the process of registering the subject marks. He claimed that these marks were identical to the marks owned and used by Paland for his products, which, in turn, are exclusively distributed by Lim in the Philippines.¹¹

On October 26, 2004, Lim and Paland filed their verified Opposition with the Intellectual Property Office Bureau of Legal Affairs.¹² The Bureau of Legal Affairs allowed the joint trial of the cases.

According to Paland, he is the President of Gerd Paland Solingen, a company based in Solingen, Germany. He claims to be the owner of the contested marks, having used them in the manufacture, marketing, and distribution of his products made in Solingen.¹³ Lim is the President of Mondes International Beauty Products, the exclusive distributor in the Philippines of nippers, scissors, nail cutters, cutlery, files, spoons, forks, and knives bearing the contested marks.¹⁴

For the past 50 years, Gerd Paland Solingen and its predecessor companies named Gunter Schirndig Solingen and SchiSo-Cutlery, G. Schirndig GmbH&Co. (hereinafter referred to as *SchiSo-Cutlery*) have been engaged in the manufacture and distribution of a wide range of nipper products in Solingen, Germany.¹⁵ According to Lim and Paland, Gerd Paland Solingen and its predecessor companies owned and used the "SCHISO AND DEVICE" mark on its products under SchiSo-Cutlery since 1970, while the marks "CROWN," "ORO," "JOWIKA," and "STORK" were owned and used on the goods manufactured by Gerd Paland Solingen and its predecessor companies since 1974.¹⁶

When SchiSo-Cutlery was subsequently dissolved in 2002, Paland continued his business under Gerd Paland Solingen. He claims that since January 1985, the nipper products bearing the subject marks have been distributed worldwide, including the Philippines, through distributors such as Aaron Bros & Company (Philippines), the venture of Ang; Trademan Commercial Inc. (Philippines); Wha An Trading & Co., Inc. (Philippines);

⁹ *CA rollo*, pp. 364–380.

¹⁰ *Id.* at 237–245.

¹¹ *Rollo*, p. 14.

¹² *Id.* at 42. Docketed as *Inter Partes* Case Nos. 14-2004-00142, 14-2004-00143, 14-2004-00144, 14-2004-00145, 14-2004-00146 and 14-2004-00147.

¹³ *Id.*

¹⁴ *Id.* at 13.

¹⁵ *Id.* at 14.

¹⁶ *Id.*

Tong Tah Trading Enterprise, Singapore; and Joint Venture SLEC, Hong Kong.¹⁷

Paland obtained registration of the subject marks in Germany on the following dates: June 8, 2004 for “SCHISO AND DEVICE” and “STORK DEVICE;” October 20, 2004 for “ORO” and October 27, 2004 for “CROWN DEVICE” and “JOWIKA AND DEVICE”.¹⁸

According to Lim and Paland, other than Paland’s marks being identical to the subject marks which See sought to register, the packaging she used for the products bearing the subject marks were likewise identical to Paland’s packaging, noting that See uses the words “Solingen” and “Germany” in her products.¹⁹

Lim and Paland submitted the following evidence to support their claim:

- a) [A]ffidavits of respondents Lim and Paland;
- b) [T]he Exclusive Distributorship Agreement between Lim and Paland dated December 15, 2004;
- c) Authenticated Certificates of Registration for the “CROWN DEVICE”, “ORO”, “SCHISO AND DEVICE”, “JOWIKA AND DEVICE” and “STORK DEVICE” issued by the German Patent and Trade Office in favor of Paland;
- d) Photographs of sample products and packaging of “STORK”, “JOWIKA”, “SCHISO”, “ORO”, and “CROWN” nippers;
- e) Special Power of Attorney issued by Paland in favor of Lim;
- f) Sales and Delivery Invoices for the “STORK”, “CROWN”, “YSL”, “JOWIKA”, “SCHISO” and “ORO” nipper products to various countries including Singapore, Philippines and Hong Kong; and
- g) [C]ertified true copy of the Articles of Partnership of Aaron Bros. and Company filed with the Security and Exchange Commission.²⁰

According to See, she is the proprietor of Lena’s Enterprises, a sole proprietorship established on July 1, 1981. Lena’s Enterprises is engaged in the wholesale of general merchandise which includes nippers, personal care, and cosmetic products. Among the brands of nippers that Lena’s Enterprises had been dealing with since it was established were the brands “JOWIKA,”

¹⁷ *CA rollo*, pp. 308–320.

¹⁸ *Rollo*, p. 43.

¹⁹ *Id.* at 15.

²⁰ *Id.* at 44–45.

“ORO,” “CROWN,” “CROWN DEVICE,” “STORK,” and “SCHISO and DEVICE.”²¹

See claims that as early as 1968, when she was eight years old, she already saw the brands “JOWIKA,” “ORO,” “CROWN,” “CROWN DEVICE,” and “STORK” along with the “INTIMATE,” “CORO,” and “PENGUIN” brands of nippers being sold and distributed at the Nightingale Bazaar located at 611 Carriedo St., Quiapo, Manila which was owned by her grandfather and managed by her father, Joaquin Siy (*Joaquin*), until the latter died on October 10, 1981.²²

See remembers her father telling her that it was him and Ang who gave or supplied the marks “JOWIKA,” “ORO,” “CROWN,” “CROWN DEVICE,” and “STORK” to the nipper products which her father used to sell at Nightingale Bazaar. See’s father told her to take care and give importance to the brands because those were their brands and the same were already known in the market through their efforts. Thus, following the advice of her deceased father, Lena’s Enterprises continued up to the present to distribute and sell the aforesaid brands of nippers in addition to the other brands of nippers that Lena’s Enterprises are currently selling.²³

According to See, her father used to order the products bearing the subject marks from Ang. After the death of See’s father, Lena’s Enterprises continued to order nipper products from Ang. See further claims that Lena’s Enterprises’ sale of the nippers bearing the subject marks went on smoothly until the year 1999 when she received complaints from various customers regarding counterfeit “JOWIKA,” “ORO,” “CROWN,” “CROWN DEVICE,” and “STORK” being sold by other markets. This allegedly prompted Ang to apply for the registration of “JOWIKA,” “ORO,” “CROWN,” “CROWN DEVICE,” and “STORK” with the Intellectual Property Office on March 20, 2000.²⁴

In recognition of the generosity and full financial support Ang received from See’s father and from Lena’s Enterprises, Ang informed See that he was voluntarily assigning the trademark applications in her favor, resulting in the execution of the Assignments of Trademark in 2000. See testified that she kept these Assignments of Trademark before filing them with the Intellectual Property Office three years later on February 26, 2003.²⁵

²¹ *Id.* at 342.

²² *Id.*

²³ *Id.*

²⁴ *Id.* at 343.

²⁵ *CA rollo*, p. 1385.

Two of See's witnesses, Se Ye Sze and Sheila Siy (*Sheila*), corroborated her testimony. Se Ye Sze testified that he worked as a store assistant at the Nightingale Bazaar where his duties included monitoring the inventory of the bazaar, receiving stocks from various suppliers, and being in charge of the deliveries of products ordered by customers of the bazaar. He claimed that he was aware that Nightingale Bazaar conducted its business either by buying its merchandise from importers or ordering abroad using the trademarks originally adopted by Joaquin. He claimed that among the trademarks that he could recall which were supplied by Joaquin to importers were "STYLE and MAGIC ONE," "EVER," "JACK," "CROWN," "CROWN DEVICE," "ORO," "STORK," and "JOWIKA." He likewise stressed that Nightingale Bazaar started to sell nippers, scissors, and cuticle pushers using the "CROWN," "CROWN DEVICE," "ORO," "STORK," and "JOWIKA" trademarks in 1963. On the other hand, Sheila testified that she conducted a search on the internet concerning some nipper manufacturers in Germany and came across Gerd Paland Solingen's website and found out that the subject trademarks were not among those listed as their nipper products.²⁶

See presented the following evidence to support her claim:

- a) Affidavits of petitioner See, Se Ye Sze, and Sheila;
- b) Certificate of Registration of Lena's Enterprises;
- c) Samples of nipper products bearing the trademarks "CORO," "ORO," "CROWN," "INTIMATE," "PENGUIN," "JOWIKA," and "STORK;"
- d) Applications for trademark registrations for the marks "JOWIKA," "ORO," "CROWN," "CROWN AND DEVICE," "STORK," and "SCHISO" filed by Ang;
- e) Assignments of Trademark for "JOWIKA," "ORO AND DEVICE," "CROWN," "CROWN DEVICE," "STORK," and "SCHISO AND DEVICE" trademarks executed by Ang in favor of See;
- f) Web copies of the company brochures of W. Kretzer KG, Gerd Paland and Gebruder Nippes GmbH & Co; and
- g) Search material for the trademark YSL showing the registration of the mark YSL for Class 8 in the name of Yves Saint Laurent.²⁷

²⁶ *Rollo*, pp. 343-345.

²⁷ *Id.* at 346.

Ruling of the Director of the Intellectual
Property Office Bureau of Legal Affairs

On December 22, 2006, the Bureau of Legal Affairs rendered separate Decisions on each of the contested trademarks. The Bureau of Legal Affairs granted the opposition for SCHISO & DEVICE and denied the oppositions against the other marks, which reads as follows:²⁸

WHEREFORE, premises considered, the Notice of Opposition is **DENIED**. Consequently, application bearing serial no. 4-2000-002135 [to 4-2000-002136; 4-2000-002138 to 4-2000-002140] filed by Respondent Catalina See on 20 March 2000 for the mark [“Crown”; “Jowika & Device”; “Oro & Device”; “Device Mark”; and] “Crown Device” used on nippers, scissors, nail cutter, file, spoon, fork, and knife is **GIVEN DUE COURSE**.

Let the filewrapper of the mark [“Crown”; “Jowika & Device”; “Oro & Device”; “Device Mark”; and] “Crown Device” subject matter of this case together with this Decision be forwarded to the Bureau of Trademarks for appropriate action.

SO ORDERED.²⁹ (Emphasis in the original)

According to the Bureau of Legal Affairs, See had satisfactorily shown adoption and prior use of the trademarks in the Philippines. The Bureau of Legal Affairs gave credence to her testimony that she had seen the subject mark on nippers sold in the Nightingale Bazaar in 1968, or even earlier. Even if See was only eight years old at the time, the Bureau of Legal Affairs considered the fact that the store at the Nightingale Bazaar was owned by her grandfather and managed by her father. Likewise, her stay in the store during weekends and vacation time gave her sufficient opportunity to be familiar with the products bearing the subject marks.³⁰

In concluding that Lim and Paland have not shown satisfactory evidence that See is merely an importer and distributor, the Bureau of Legal Affairs took into account that there is no distributorship agreement or any agreement denoting a principal-agent or principal-distributor relationship between Gerd Paland Solingen and Ang. The Bureau of Legal Affairs also explained that Paland’s sale to See of the nippers bearing the subject marks is in line with the practice of Ang to commission foreign manufacturers to produce nippers bearing the subject marks for local sale. The Bureau of Legal Affairs also noted that the exclusion of the subject marks in Gerd Paland Solingen’s company website clearly shows that Paland does not own the subject marks used on his nipper products.³¹

²⁸ *Id.* at 73–89.

²⁹ *Id.* at 89.

³⁰ *Id.* at 86.

³¹ *Id.* at 88.

Aggrieved, Lim and Paland, through a Consolidated Appeal Memorandum,³² appealed the said Decisions to the Intellectual Property Office-Office of the Director General on February 5, 2007.

Lim and Paland assert that the Bureau of Legal Affairs erred in giving credence to See's self-serving allegations regarding the prior adoption and use of the subject marks by her predecessors. See resorted to self-serving and hearsay testimony and the submission of documents and other object evidence which do not prove the allegation that her predecessors used the subject marks as owners.³³

On March 13, 2009, the Office of the Director General issued a Decision granting Lim and Paland's appeal and reversing the December 22, 2006 Decisions of the Bureau of Legal Affairs. Thus:³⁴

Wherefore, premises considered, the Appellants' Consolidated Appeal Memorandum is hereby GRANTED. The appealed decisions of the Director are hereby REVERSED and SET ASIDE. Let a copy of this Decision as well as the trademark applications and the records be furnished and returned to the Director of Bureau of Legal Affairs for appropriate action. Further, let also the Directors of the Bureau of Trademarks and the Library of the Documentation, Information and Technology Transfer Bureau be furnished a copy of this Decision for information, guidance, and records purposes.

SO ORDERED.³⁵

The Office of the Director General found that the Bureau of Legal Affairs erred in ruling that See substantiated her claim of ownership of the contested marks, noting that there is nothing in the records that establishes Ang's ownership of the marks.³⁶

According to the Office of the Director General, even assuming See did see the products bearing the subject marks sold at the alleged bazaar, this does not mean Ang owned the marks. Nothing in See's narration proves Ang's ownership of the subject marks. The Office of the Director General also noted the disparity between See's testimony that the marks were used as early as 1963, and her statement under oath in the Declarations of Actual Use that the subject marks were first used in 1978. See did not submit any sales invoice or receipt issued from the time of Ang's alleged assignment to her in 2000, until the filing of the Declarations of Actual Use in 2003.³⁷

³² *Id.* at 178-223.

³³ *Id.* at 199-213.

³⁴ *Id.* at 228-238. The March 13, 2009 Decision in Appeal Nos. 14-07-04, 14-07-05, 14-07-06, 14-07-07, and 14-07-08 was penned by Director General Adrian S. Cristobal, Jr., Intellectual Property Office, Makati.

³⁵ *Id.* at 238.

³⁶ *Id.* at 235.

³⁷ *Id.* at 235.

The Office of the Director General further observed that there was no evidence to corroborate or support the bare allegation that Ang commissioned Paland to manufacture the nipper products with instruction to attach the subject marks.³⁸ Assuming See's claim of ownership is true, Ang would have had exclusive use of the subject marks and exercised acts of ownership, and yet, based on the evidence, this does not appear to be the case. While the sales invoices presented by Lim and Paland show that Ang transacted with Gerd Paland Solingen's predecessor companies, these also show that the products bearing the subject marks were sold by Gerd Paland Solingen's predecessor companies not only to Ang, but also to different retailers or distributors in the Philippines and in other countries. The Office of the Director General thus concluded that, based on the evidence presented, Paland is the manufacturer, producer, source, and origin of the products bearing the contested marks.³⁹

On March 31, 2009, See filed a Petition for Review with the CA.⁴⁰

The CA issued a Decision,⁴¹ reversing and setting aside the Decision of the Office of the Director General and reinstating the Decisions of the Bureau of Legal Affairs:

WHEREFORE, the Decision of the Director General of the IPO dated 13 March 2009 is **REVERSED** and **SET ASIDE** and the Decisions of the Bureau of Legal Affairs of the IPO dated 22 December 2006 are hereby **REINSTATED**.

SO ORDERED.⁴² (Emphasis in the original)

The CA gave credence to See's narrative and found that she sufficiently established her claim of ownership over the subject marks. The CA found that See adopted and used the subject marks as an owner, and not as a mere importer or distributor of goods.⁴³

According to the CA, given that Ang filed his application for registration way before Lim and Paland, it follows that See, being the first to apply for the registration of the marks, is by law in a better position to register and acquire ownership over the same, in line with the "first to apply" principle governing the registration and acquisition of ownership of trademarks.⁴⁴

³⁸ *Id.* at 236.

³⁹ *Id.*

⁴⁰ *Id.* at 40.

⁴¹ *Id.* at 40-68.

⁴² *Id.* at 67.

⁴³ *Id.* at 61.

⁴⁴ *Id.* at 63.

With regard to Paland's assertions, the CA found that he failed to provide any evidence proving his connection to any of Gerd Paland Solingen's alleged predecessor companies nor prove the transfer or assignment of these alleged predecessor companies to Paland or Gerd Paland Solingen of ownership rights. Neither was Paland able to prove that the alleged predecessor companies adopted the subject marks for their own commercial use in Germany or in the Philippines.⁴⁵

The CA noted that the mere presentation of sales and delivery invoices bearing the subject marks does not lead to the conclusion that Paland is the owner and See, through Ang, is a mere distributor or importer of the subject marks. The exclusion of the subject marks on Gerd Paland Solingen's website was also taken into consideration.⁴⁶

On May 12, 2010, Lim and Paland filed a Motion for Reconsideration, which was denied in a Resolution dated August 12, 2010.⁴⁷ Hence, the present Petition filed by Lim and Paland.

Issue

Whether Catalina See is entitled to register the subject trademarks in accordance with the provisions of the Intellectual Property Code of the Philippines.

This Court's Ruling

The Petition is meritorious.

As a preliminary matter, See puts into issue the failure of Paland to execute a verification. See argues that Lim's signature on the verification is insufficient because it is Paland, not Lim, who claims to be the owner of the subject trademarks.

We disagree. We note that this Court has already clarified that verification is deemed substantially complied with when one who has ample knowledge to swear to the truth of the allegations in the complaint or petition signs the verification, and when matters alleged in the petition have

⁴⁵ *Id.* at 64–65.

⁴⁶ *Id.* at 65–66.

⁴⁷ *Id.* at 13.

been made in good faith or are true and correct.⁴⁸ The purpose of having a verification is to secure an assurance of the foregoing.⁴⁹

Accordingly, considering that Lim is clearly in a position to provide this assurance in view of the alignment of his and Paland's interests in the outcome of this case, this Court finds that Lim and Paland have substantially complied with the verification requirement provided under Rule 45 of the Rules of Court.

Proceeding to the merits of the case, Section 121.1 of Republic Act No. 8293, or the Intellectual Property Code of the Philippines, defines a "trademark" as "any visible sign capable of distinguishing the goods." 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.⁵⁰

A trademark, being a special property, is afforded protection by law. However, in order to enjoy this legal protection, ownership of the trademark should rightly be established.⁵¹ Under Section 122 of the Intellectual Property Code of the Philippines, the rights in a mark are acquired through registration made in accordance with the provisions of the Intellectual Property Code of the Philippines:

SECTION 122. How Marks are Acquired. — The rights in a mark shall be acquired through registration made validly in accordance with the provisions of this law.

In the event that the registration of a mark would result in damage to another, the Intellectual Property Code of the Philippines provides a remedy in the form of an opposition. Under Section 134 of the Intellectual Property Code of the Philippines, a person who believes that they would be damaged by another's registration of a mark may file an opposition to the application for trademark registration, setting forth the grounds upon which the opposition is based:

⁴⁸ *Fernandez v. Villegas*, 741 Phil. 689, 698 (2014) [Per J. Perlas-Bernabe, Second Division]. (Citation omitted)

⁴⁹ *Torres v. Republic of the Philippines*, G.R. No. 247490, March 2, 2022 [Per J. Inting, First Division] at 9. This pinpoint citation refers to the copy of this Decision uploaded to the Supreme Court website.

⁵⁰ *Citigroup, Inc. v. Citystate Savings Bank, Inc.*, 833 Phil. 168, 180–181 (2018) [Per J. Leonen, Third Division], citing *Mirpuri v. Court of Appeals*, 376 Phil. 628, 645 (1999) [Per J. Puno, First Division]. (Citation omitted)

⁵¹ *Berris Agricultural Co., Inc. v. Abyadang*, 647 Phil. 517, 525 (2010) [Per J. Nachura, Second Division], as cited in *UFC Philippines, Inc. v. Barrio Fiesta Manufacturing Corporation*, 778 Phil. 763, 790 (2016) [Per J. Leonardo-De Castro, First Division].

Sec. 134. *Opposition.* - Any person who believes that he would be damaged by the registration of a mark may, upon payment of the required fee and within thirty (30) days after the publication referred to in Subsection 133.2, file with the Office an opposition to the application. *Such opposition shall be in writing and verified by the oppositor or by any person on his behalf who knows the facts, and shall specify the grounds on which it is based and include a statement of the facts relied upon[.]* (Emphasis supplied)

As correctly emphasized by the Office of the Director General, an opposition proceeding is essentially a review of the trademark applications to determine compliance with the requirements of registrability under the law,⁵² specifically, under the provisions of the Intellectual Property Code of the Philippines.

The certificate of registration constitutes *prima facie* evidence of the validity of the registration, the registrant's ownership of the mark, and 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.⁵³ However, such presumption is rebuttable and must give way to evidence to the contrary, as emphasized by this Court in *Birkenstock Orthopaedie GmbH and Co. KG v. Phil. Shoe Expo Marketing Corp.*:⁵⁴

Registration merely creates a *prima facie* presumption of the validity of the registration, of the registrant's ownership of the trademark, and of the exclusive right to the use thereof. *Such presumption, just like the presumptive regularity in the performance of official functions, is rebuttable and must give way to evidence to the contrary.*⁵⁵ (Emphasis supplied; citation omitted)

The *prima facie* nature of the certificate of registration is meant to recognize instances when the certificate of registration is not reflective of ownership of the holder thereof, such as when the registration was done in bad faith.⁵⁶ Section 151(b) of the Intellectual Property Code of the Philippines states:

Sec. 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:

.....

⁵² *Rollo*, p. 232.

⁵³ *Medina v. Global Quest Ventures, Inc.*, G.R. No. 213815, February 8, 2021 [Per J. Leonen, Third Division] at 9. This pinpoint citation refers to the copy of this Decision uploaded to the Supreme Court website, citing Section 138, Republic Act No. 8293. (Citation omitted)

⁵⁴ 721 Phil. 867 (2013) [Per J. Perlas-Bernabe, Second Division].

⁵⁵ *Id.* at 880.

⁵⁶ *Zuneca Pharmaceutical v. Natrapharm, Inc.*, G.R. No. 211850, September 8, 2020 [Per J. Caguioa, *En Banc*] at 19–20. This pinpoint citation refers to the copy of this Decision uploaded to the Supreme Court website. (Citation omitted)

(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[.] (Emphasis supplied)

In the case at bar, there is no question that Ang, as the predecessor of See, imported products bearing the subject trademarks from SchiSo-Cutlery, however, the parties disagree as to which capacity Ang was acting under in doing so. According to See, Ang imported these products in the concept of a trademark owner, *i.e.* SchiSo-Cutlery merely manufactured the products and appended the subject trademarks under orders or instructions from Ang.

On the other hand, Lim and Paland allege that SchiSo-Cutlery is the owner of the trademarks and Ang is but one of several importers and distributors of the products bearing the subject trademarks. As a mere importer or distributor, Ang did not possess any right to register these trademarks under his name, and neither does See as Ang's assignee.⁵⁷

Given that it is See's registration of the subject trademarks which forms the subject matter of this dispute, the resolution of the foregoing issue on the nature of Ang's claim determines whether there was registration in good faith in accordance with the provisions of the Intellectual Property Code of the Philippines.

Being a question of fact and being evidentiary in character,⁵⁸ the issue at hand requires a review of the evidence presented by the parties. While it is settled that this Court is not a trier of facts, and it is not its function to examine, review, or evaluate the evidence all over again,⁵⁹ the rule that the findings of fact of the CA are conclusive and binding on this Court admits of exceptions, as in this case where the findings of the Office of the Director General and the CA are conflicting.⁶⁰

Moreover, the dispositions of the Bureau of Legal Affairs, Office of the Director General, and the CA were made prior to the promulgation of *Zuneca Pharmaceutical v. Natrapharm, Inc.*⁶¹ where this Court clarified that prior use no longer determines the acquisition of ownership of a mark in light of the adoption of the rule that ownership of a mark is acquired through

⁵⁷ See *Unno Commercial Enterprises, Incorporated v. General Milling Corporation, et al.*, 205 Phil. 707, 714 (1983) [Per J. Teehankee, First Division].

⁵⁸ *Spouses Sabado v. Soldevilla*, G.R. No. 242193, March 25, 2019 [Notice, First Division] at 2. This pinpoint citation refers to the copy of this Notice uploaded to the Supreme Court website.

⁵⁹ *Villanueva v. People*, G.R. No. 218652, February 23, 2022 [Per J. Hernando, Second Division] at 7. This pinpoint citation refers to the copy of this Decision uploaded to the Supreme Court website.

⁶⁰ See *Pascual v. Burgos*, 776 Phil. 167, 188 (2018) [Per J. Leonen, Second Division], citing *Medina v. Mayor Asistio, Jr.*, 269 Phil. 225, 232 (1990) [Per J. Bidin, Third Division].

⁶¹ *Supra* note 56.

registration made validly in accordance with the provisions of the Intellectual Property Code of the Philippines.⁶² Accordingly, this Court takes the opportunity to resolve the present case in a manner consistent with *Zuneca*.

After assessing the submissions of the parties and the evidence duly presented, this Court finds that the factual findings of the CA are not supported by the evidence on record. In the ultimate analysis, Ang acted in bad faith in claiming ownership and seeking the registration of the subject trademarks.

The first-to-file rule does not apply if bad faith attended the trademark registration.

See asserts that since ownership of trademarks is acquired through registration, it necessarily shows that See, being the first to apply for the registration of the marks by virtue of being an assignee, is by law in a better position to acquire ownership and registration of the trademarks.⁶³

It must be clarified that the first-to-file rule is not absolute. While it has been affirmed that registration is the system of acquiring rights over a mark, for the See to acquire ownership of the trademarks, such registration should be done in good faith.

In *Emzee Foods, Inc. v. Elarfoods, Inc.*,⁶⁴ citing *Zuneca*,⁶⁵ this Court reiterated the prevailing rule that the lawful owner of the mark shall be the person or entity who first registers it in good faith.⁶⁶ However, while it is true that the first-to-file registrant acquires all the rights in a mark, in the event the registration is obtained in bad faith or contrary to the provisions of the Intellectual Property Code of the Philippines, the registration is rendered void.⁶⁷

In *Zuneca*,⁶⁸ citing *Mustang-Bekleidungswerke GmbH + Co. KG v. Hung Chiu Ming*,⁶⁹ a case decided by the Office of the Director General

⁶² *Id.* at 17. (Citation omitted)

⁶³ *Rollo*, p. 273.

⁶⁴ G.R. No. 220558, February 17, 2021 [Per J. Gaerlan, First Division].

⁶⁵ *Supra* note 56.

⁶⁶ *Supra* note 64, at 10. This pinpoint citation refers to the copy of this Decision uploaded to the Supreme Court website.

⁶⁷ *Supra* note 56.

⁶⁸ *Id.*

⁶⁹ The August 29, 2007 Decision in Appeal No. 14-06-20 was penned by Director General Adrian S. Cristobal, Jr., Intellectual Property Office of the Philippines, Makati City. Accessible through the website of the Intellectual Property Office of the Philippines <http://onlineservices.ipophil.gov.ph/ipcaselibrary/ipcasepdf/AP_IPC14-06-20.pdf> (last accessed on June 23, 2023).

under the Trademark Law, it was discussed that bad faith in the context of trademark registration means that **“the applicant or registrant has knowledge of prior creation, use and/or registration by another of an identical or similar trademark.”**⁷⁰ Thus:

What constitutes fraud or bad faith in trademark registration? **Bad faith means that the applicant or registrant has knowledge of prior creation, use and/or registration by another of an identical or similar trademark. In other words, it is copying and using somebody else's trademark.** Fraud, on the other hand, may be committed by making false claims in connection with the trademark application and registration, particularly, on the issues of origin, ownership, and use of the trademark in question, among other things.⁷¹ (Emphasis supplied)

The effect of trademark registration in bad faith was discussed by the Honorable Justice Estela M. Perlas-Bernabe in her concurring opinion in *Zuneca*,⁷² such that the registrant in bad faith is divested of ownership not because of the oppositor's prior use of the mark, but rather, because the legal requisite of a registration in good faith was not complied with:

As applied to trademark registration, one should be considered a registrant in good faith if there is no showing that he knew of any prior creation, use, or registration of another of an identical or similar mark at the time of registration. Otherwise, if he had such knowledge, then he is not considered as a registrant in good faith, which thus negates his ownership over the trademark registered in his name. **To reiterate, when a registration is not in good faith, it is not considered as a valid registration and hence, no ownership rights are acquired in the first place. In this regard, the registrant in bad faith is divested of ownership not because of the oppositor's prior use of the mark, but rather, because the legal requisite of a registration in good faith was not complied with. Simply put, a registration not in good faith is equivalent to no registration at all and hence, no ownership rights were transmitted.**⁷³ (Emphasis supplied)

An example of trademark registration in bad faith relating closely to the issue at hand would be the act of *trademark squatting* which occurs when a party registers another's trademark as their own in a jurisdiction where the original trademark owner has yet to register,⁷⁴ in order to gain benefits from the original marks or real trademark owners.⁷⁵

⁷⁰ *Zuneca Pharmaceutical v. Natrapharm, Inc.*, *supra* note 51, at 29.

⁷¹ *Id.* at 29.

⁷² *Supra* note 56.

⁷³ J. Perlas-Bernabe, Concurring Opinion in *Zuneca v. Natrapharm*, G.R. No. 211850, September 8, 2020 [Per J. Caguioa, *En Banc*] at 7–8.

⁷⁴ J. Lazaro-Javier, Dissenting Opinion in *Zuneca v. Natrapharm*, G.R. No. 211850, September 8, 2020 [Per J. Caguioa, *En Banc*] at 6.

⁷⁵ *Bath & Body Works Brand Management, Inc. v. Hong Cheng Shang*, Intellectual Property Office Decision No. 2018-249, June 29, 2018. Available at <<https://onlineservices.ipophil.gov.ph/ipcaselibrary/ipcasepdf/IPC14-2016-00644.pdf>>

This Court has briefly touched on the risk of trademark squatting in *Zuneca*, highlighting that this is problematic especially in countries where the “first-to-file” system is applied. The act of trademark squatting essentially blocks the registration of the original brand owner, and may result in the registrant in bad faith extracting benefits from the former in order for them to be able to register.⁷⁶

Ang had knowledge of the prior creation and use of the subject trademarks

In this case, in order for See to establish good faith registration, the evidence on record must be sufficient to support the conclusion that Ang had no knowledge of the prior creation, use, or registration of the subject trademarks. However, a review of the evidence presented by the parties reveals otherwise. There is sufficient evidence to show that Ang was a mere importer or distributor without the grant of authority to register the subject trademarks in his name.

Accordingly, See, through Ang, registered the subject trademarks in bad faith, knowing that Ang did not have any right to register these as he is neither the creator of the subject trademarks nor the first to use them in the Philippine market.

First, nothing in the evidence presented by See establishes the ownership of Ang of the subject marks. See’s entire claim of ownership is founded on hearsay and self-serving statements.

According to See, “no documentary evidence was presented to establish the specific date of adoption and use of said marks by [Ang] due to the long period of time that has elapsed[.]”⁷⁷ In the absence of any documentary evidence tracing Ang’s connection with the subject trademarks, See principally anchors her claim of ownership on testimonial evidence, in particular, her testimony, as corroborated by Se Ye Sze.

See testified that as early as 1968, she saw nipper products bearing the subject trademarks being sold or distributed at the Nightingale Bazaar in Quiapo, Manila and was told by her father that it was him and Ang who gave or supplied these trademarks. In addition, she testified that to her knowledge, her father used to order from Ang and continued to do so until she took over dealing with Ang upon her father’s death.⁷⁸

⁷⁶ J. Lazaro-Javier, Dissenting Opinion in *Zuneca v. Natrapharm*, G.R. No. 211850, September 8, 2020 [Per J. Caguioa, *En Banc*] at 6.

⁷⁷ *Rollo*, p. 264.

⁷⁸ *Id.* at 247.

Other than these bare allegations, See did not present any other evidence to bolster her claim that Ang and her father created the subject trademarks. To be clear, the narration of See, which the Bureau of Legal Affairs and the CA gave full credence to, was drawn purely from what she could recall from when she was the tender age of eight years old.

Even assuming that the lapse of time figured into See's ability to produce documentary evidence, it is highly doubtful that one alleging to be the owner of six trademarks kept absolutely no record of her communications with her suppliers over several decades of engaging in business with one another. See failed to present copies of business records, inventory, or correspondence between Ang and his suppliers. See could have easily dispelled any doubt as to Ang's ownership of the six trademarks by presenting proof that Ang ordered from Paland or Paland's predecessor companies in Ang's capacity as a trademark owner, but to no avail.

As correctly observed by Lim and Paland, there is "no proof whatsoever that respondent [See] or her predecessors commissioned petitioner Paland or his predecessor to manufacture products with instruction to attach the subject marks."⁷⁹ In fact, were it not for Lim and Paland offering into evidence the sales and delivery invoices issued to Aaron Bros. and Co., any relationship whatsoever between Ang and the subject trademarks would not have been readily apparent.

Suffice it to say that if full credence is given to See's testimony alone, then any other distributor of Paland's products onto which the subject trademarks are appended could have just as easily sought the registration of the subject trademarks—a far cry from the protection sought to be afforded to rightful trademark owners under the Intellectual Property Code of the Philippines.

It is also telling that See left substantial gaps in her testimony considering that the subject of the dispute is her registration and ownership of the subject marks, not the opposer's. Aware that Lim and Paland alleged that Ang is a mere importer or distributor, See nevertheless failed to testify as to any acts undertaken by Ang in the concept of an owner which would have dispelled such allegations, such as the manner by which Ang transacted with manufacturers, Gerd Paland Solingen's predecessor companies or otherwise, and actions undertaken by Ang against other distributors in the Philippines who were selling identical products bearing his trademarks in the market for more than a decade.

Worse, See failed to show how she intends to produce nipper products bearing the subject marks following the death of Ang. It appears that she has

⁷⁹ *Id.* at 26.

continued to rely solely on the remaining stock he left behind and is not equipped with any knowledge nor given any instructions as to how to go about utilizing the subject marks for their intended purpose, casting further doubt as to the nature of Ang's ownership, and consequently, See's.⁸⁰

Second, the submission of Lim and Paland of the sales and delivery invoices into evidence bolsters its position that Ang is a mere importer or distributor.

According to See, the invoices merely prove delivery of the nippers and cutlery items ordered and commissioned by Ang and do not prove that Paland owns the subject trademarks.⁸¹

While it is true that the invoices alone do not affirm Paland's ownership over the subject trademarks, nor lead to the contrary conclusion that Ang is a mere importer or distributor, these demonstrate that for many years, products bearing the subject trademarks alleged to be owned by Ang were delivered and sold through various distribution channels in the Philippines and abroad for over a decade. This fact remains unaddressed and uncontested by See. This Court has acknowledged that sales invoices provide the best proof that there were actual sales in the country and that there was actual use of a trademark.⁸² Certainly See never refuted the existence of these invoices and never fortified the claim of the exclusive use and distribution of the trademark and its products.

To be clear, there is nothing on record, through either the evidence presented nor in the See's submissions, which indicates that the other distributors were engaged by Ang or were otherwise authorized to deal with his trademarks, nor did See object to, comment on, or in any way address the fact that Paland or his predecessors profited for over a decade from the distribution of products bearing Ang's trademarks.

Third, it is worth noting that See acted in bad faith in knowingly claiming ownership of the SCHISO & DEVICE mark by filing an application for its registration despite knowledge that rightful ownership belongs to another.

To recall, Ang filed the application for registration of SCHISO & DEVICE together with the applications for the subject trademarks. During the October 12, 2005 cross-examination of See, she admitted in open court

⁸⁰ CA rollo, pp. 1390-1392.

⁸¹ Rollo, p. 374.

⁸² *Emerald Garment Manufacturing Corp. v. CA*, 321 Phil. 1001, 1027 (1995) [Per J. Kapunan, First Division].

that SCHISO & DEVICE did not belong to her father.⁸³ The Bureau of Legal Affairs granted the Opposition for SCHISO & DEVICE.

Notwithstanding knowledge that rightful ownership of SCHISO & DEVICE belonged to another, See proceeded with the application for registration anyway. The observation of the Director General is worth reiterating: “[o]bviously, [See] was conscious that the mark Schiso belongs to another. Thus, her insistence to proceed with the application and to defend it against the opposition is contrary to good faith and fair dealing.”⁸⁴

Had it not been for timely action on the part of the rightful owner, the SCHISO & DEVICE mark would have met the same fate as the subject trademarks. As such, it stands to reason that instead of relying on a legitimate claim of ownership, See gambled on getting ahead of the rightful owner in registering the subject trademarks—a clear example of trademark squatting. The bad faith of See is evident in her explanation as to why Ang sought to register SCHISO & DEVICE despite his alleged disclaimer of original ownership.⁸⁵

To the mind of the respondent appellee, the practical reason why Mr. Ang applied for the registration of the “S[CHISO]” mark is to simply protect the mark in the Philippines as he has been dealing with the “S[CHISO]” brand of nippers at the time of the filing of his applications for registration of the marks and **considering further that the rightful owner thereof did not bother to protect the same in the Philippines.**⁸⁶ (Emphasis supplied)

While we note that SCHISO & DEVICE is not one of the marks covered by this Petition, considering that it forms part of the bundle of trademarks sought to be simultaneously registered by See, the surrounding circumstances of its registration illuminate the present dispute. See was aware that Ang was not moved by a genuine claim of rightful ownership. Ang’s bad faith and See’s failure to intervene demonstrate their lackadaisical attitude toward trademark registration.

Lastly, Paland was able to adequately establish his connection with his alleged predecessor companies. Contrary to the findings of the CA,⁸⁷ we find that based on the evidence on record, particularly Paland’s testimony, sales and delivery invoices, and Certificates of Registration, Paland was able to sufficiently show his long connection with the predecessor companies. At the very least, it is worth noting that the name “Gerd Paland” is prominently displayed in the footer of the sales and delivery invoices submitted into evidence.⁸⁸

⁸³ TSN, October 12, 2005, pp. 36–37.

⁸⁴ *Rollo*, p. 237.

⁸⁵ *Id.* at 14.

⁸⁶ *Id.* at 237.

⁸⁷ *Id.* at 370–371.

⁸⁸ *CA rollo*, pp. 308–320.

The sales and delivery invoices are as follows:⁸⁹

1. Trademan Commercial, Inc. with Sales Invoice, dated 29 January 1985, covering Schiso brand;
2. Trademan Commercial, Inc. with Sales Invoice, dated 28 April 1985, covering STORK brand;
3. Aaron Bros & Co. with Sales Invoice, dated 05 March 1992, covering CROWN brand;
4. Aaron Bros & Co., with Sales Invoice, dated 30 March 1992, covering YSL brand;
5. Aaron Bros & Co., with Sales Invoice, dated 08 April 1992, covering JOWIKA brand;
6. Aaron Bros & Co., with Sales Invoice, dated 18 May 1992, covering ORO brand;
7. Aaron Bros & Co., with Sales Invoice, dated 26 May 1992, covering STORK brand;
8. Aaron Bros & Co., with Sales Invoice, dated 11 April 2002, covering CROWN, SCHISO, ORO, and STORK brands;
9. Aaron Bros & Co., with Sales Invoice, dated 14 May 2003, covering CROWN, STORK, and ORO brands;
10. Wha An Trading & Co., Inc. with Sales Invoice, dated 17 February 1994, covering JOWIKA, and SCHISO brands;
11. Wha An Trading & Co., Inc. with Sales Invoice, dated 23 August 1994, covering SCHISO, CROWN and JOWIKA brands;
12. Tong Tah Trading Enterprise (Singapore) with Sales Invoice, dated 29 October 1999, covering SCHISO, CROWN, STORK, and JOWIKA brands; and
13. Joint Venture SLEC (Hong Kong) with Sales Invoice, dated 07 October 2003, covering JOWIKA, ORO, YSL, STORCK, and CROWN brands.⁹⁰

In any case, we agree with the Office of the Director General in highlighting that the opposition proceedings concern See's trademark applications. It should have been incumbent upon her to establish her claim of ownership on the strength of her evidence, and not on the perceived weakness of Lim and Paland's case:⁹¹

Accordingly, [See] should have established her claim of ownership of the subject marks on the strength of her evidence and not on the

⁸⁹ *Rollo*, p. 234.

⁹⁰ *Id.*

⁹¹ *Id.* at 236.

perceived weakness of the evidence submitted by [petitioners] with respect to their own claims of ownership. It is emphasized that the subject of these opposition proceedings are her trademark applications. Considering that her claim of ownership of the marks was put into issue, [See] must show solid proof that she is the owner of the marks she applied for registration.⁹²

This is consistent with rule regarding the burden of proof in opposition proceedings: “[w]here a trademark application is opposed, the Respondent-Applicant has the burden of proving ownership.”⁹³

Given the foregoing, we conclude that See registered the subject trademarks in bad faith, contrary to the requirement of good faith registration under Section 122 of the Intellectual Property Code of the Philippines and as elucidated in *Zuneca*. See may not take shelter in the first-to-file rule by claiming to be the lawful owner of the mark on the basis of being the first registrant due to her failure to register the subject trademarks in good faith.

ACCORDINGLY, the instant Petition for Review is **GRANTED**. The Decision and the Resolution of the Court of Appeals dated April 21, 2010 and August 12, 2010, respectively, in CA-G.R. SP No. 108067, are **REVERSED** and **SET ASIDE**. Accordingly, the Decision dated March 13, 2009 of the Office of the Director General-Intellectual Property Office, reversing and setting aside the Decision rendered by the Bureau of Legal Affairs dated December 22, 2006 is **REINSTATED**. Applications for trademark registration bearing serial nos. 4-2000-002135 for the mark “Crown Device;” 4-2000-002136 for the mark “Jowika & Device;” 4-2000-002138 for the mark “Device Mark;” 4-2000-002139 for mark “Crown;” and 4-2000-002140 for “Oro & Device” are hereby **DENIED**.


SO ORDERED.


JHOSEP Y. LOPEZ
Associate Justice


⁹² *Id.*

⁹³ See *Tamayo v. Vega*, Intellectual Property Office Decision No. 2021-10, January 26, 2011; *Zilingo Pte Ltd. v. Nesoi Ventures Holdings, Inc.*, Intellectual Property Office Decision No. 2020-131, September 18, 2020; and *Haier Group Corp. v. Lili Zhuang*, Intellectual Property Office Decision No. 2020-218, November 27, 2020, citing *Marvex Commercial Co., Inc. v. Petra Hawpia & Co.*, 125 Phil. 295, 299 (1966) [Per J. Ruiz Castro].


WE CONCUR:



MARVIC M.V. F. LEONEN
Senior Associate Justice
Chairperson



AMY C. LAZARO-JAVIER
Associate Justice




HENRI JEAN PAUL B. INTING
Associate Justice



ANTONIO T. KHO, JR.
Associate Justice

ATTESTATION


I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



MARVIC M.V. F. LEONEN
Senior Associate Justice
Chairperson

CERTIFICATION

Pursuant to Article VIII, Section 13 of the Constitution, and the Division Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



ALEXANDER G. GESMUNDO
Chief Justice

9