



Republic of the Philippines
Supreme Court
Manila

SECOND DIVISION

SUNFIRE TRADING, INC.,
Petitioner,

G.R. No. 235279

Present:

PERLAS-BERNABE, J.,
Chairperson,
REYES, A., JR.,
HERNANDO,
INTING, and
DELOS SANTOS, JJ.

- versus -

GERALDINE GUY,
Respondent.

Promulgated:

02 MAR 2020

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DECISION

DELOS SANTOS, J.:

The Case

A Petition for Review under Rule 45 of the Rules of Court seeking to nullify, vacate, reverse and set aside the Decision¹ of the Court of Appeals in CA-G.R. SP No. 135146 promulgated on March 20, 2017 and its Resolution² dated October 24, 2017, affirming the Order³ of Regional Trial Court, Branch 159, Pasig City, rendered on November 18, 2013, which directed the Intellectual Property Office to cancel the assignment of trademark and the corresponding Certificate of Registration of the petitioner and to issue a new Certificate of Registration in favor of the respondent.

¹ *Rollo*, pp. 8-18, penned by Associate Justice Eduardo B. Peralta, Jr., with Associate Justices Remedios A. Salazar-Fernando and Mario V. Lopez (now a member of this Court), concurring.

² *Id.* at 19-20, penned by Associate Justice Eduardo B. Peralta, Jr., with Associate Justices Remedios A. Salazar-Fernando and Mario V. Lopez (now a member of this Court), concurring.

³ *Id.* at 94-98, penned by Judge Rodolfo R. Bonifacio.

Facts and Antecedent Proceedings

As narrated by the Court of Appeals (CA) in its assailed Decision, the facts and the antecedent proceedings of the instant case are as follows:

The controversy stemmed from Civil Case No. 70359 in the sala of public respondent, filed by Northern Islands Company Inc. (NICI) against 3D Industries, Inc. (3D). Civil Case No. 70359 appeared to be one for breach of contract, trademark infringement, and unfair competition. Eventually, NICI prevailed in the civil case.

It was established that on February 13, 2013, or after the judgment was rendered in Civil Case No. 70359, 3D assigned the trademark subject matter thereof to herein petitioner Sunfire Tradings[,] Inc.

On May 7, 2013, execution proceedings ensued to satisfy the judgment award in favor of NICI. In the public auction of the trademark, private respondent Geraldine Guy emerged as the highest bidder and a Certificate of Sale was issued in her favor. The trademark was paid for in the amount of ₱500,000.00 and accordingly, the proceeds were released to NICI.

Pursuant to the auction sale, the court *a quo* ordered the Intellectual Property Office (“IPO”) to cause registration of the trademark in the name of private respondent. However, the IPO failed to comply because based on the IPO record, the trademark had already been transferred by 3D to petitioner.

Private respondent claimed that petitioner should be treated as identical with 3D since it was owned and controlled by the same individual, and that the transfer was done to impede execution over the trademark.

Upon investigation with the IPO, private respondent discovered that as early as April 4, 2009, a Deed of Assignment of the trademark was executed in petitioner’s favor by 3D, as evidenced by a Deed of Assignment dated April 24, 2009. And, “[F]or some unresolved conditions between 3D Industries and Sunfire however, the mark was temporarily returned to 3D on October 22, 2010, but was permanently assigned back to Sunfire Trading on February 12, 2013 xxx.”

On account of ensuing events, private respondent filed an “Omnibus Motion (with Comment to *Ex Parte* Manifestation) dated September 12, 2013.” She filed the pleading with public respondent in Civil Case No. 70359 to nullify/set aside the assignment of trademark made by 3D to petitioner, and to direct the IPO to issue a Certificate of Registration in her name.

Petitioner, which was not a party to Civil Case No. 70359, entered its special appearance to oppose the Motion, and filed its Comment and Opposition.

After an exchange of papers, the public respondent granted the Omnibus Motion of private respondent, through the assailed Order of November 18, 2013, during which occasion the IPO was directed to cancel

the Certificate of Registration in favor of petitioner Sunfire, with a concomitant instruction to issue a new Certificate of Registration in favor of private respondent:

“**WHEREFORE**, the Omnibus Motion dated September 12, 2013 is hereby **GRANTED**.

The Intellectual Property Office is **DIRECTED** to **CANCEL** the assignment of trademark and the corresponding Certificate of Registration in favor of Sunfire Trading, Inc. and to **ISSUE** a new Certificate of Registration in the name of Geraldine G. Guy over MARK 3D AND DEVICE CONSISTING OF THE CHARACTERS ‘3’ AND ‘D’ SUPERIMPOSED ON A RED QUADRILATERAL FIELD covered by Certificate of Registration No. 4-2002-000725, subject to compliance with the existing statutory and regulatory registration requirements. The same Office is further **ORDERED** to submit to this Court, within ten (10) days from receipt hereof, a report of its compliance with this Order.

SO ORDERED.”

Petitioner’s Motion for Reconsideration of the preceding Order was likewise denied by public respondent on February 24, 2014.⁴


The Ruling of the CA

The CA dismissed the appeal of the petitioner for lack of merit. In agreeing with the trial court that the petitioner became transferee *pendente lite*, the CA found that the case was still in the execution stage and regarded as still pending when the assignment of trademark was made in favor of the petitioner. The CA also took note that 3D and petitioner are owned and controlled by Mr. Gilbert Guy, thus, it cannot be denied that Mr. Guy knew of the adverse judgment against 3D. The appellate court observed that 3D was mum all throughout the execution stage that it had already assigned the trademark to the petitioner; and in turn, petitioner likewise did not assert its right over the trademark during the public auction and simply allowed the same to push through.

According to the CA, the trial court did not alter nor modify the judgment because 3D remained liable to NICI, and petitioner was not substituted to assume the liability of 3D. Instead, the trial court ensured the compliance with its previous final and executory judgment. Thus, the Doctrine of Immutability of Judgment does not apply.

Lastly, the CA held that the Order of the trial court did not refer to piercing the veil of corporate fiction of 3D and the petitioner.

⁴ Id. at 8-11.



Hence, petitioner filed a Motion for Reconsideration,⁵ but such was denied for lack of merit on October 24, 2017.

Issue

Whether or not the CA committed grave abuse of discretion when it upheld the cancellation of assignment of trademark and the corresponding Certificate of Registration of the petitioner

Prefatorily, petitioner averred that the ownership of the trademark was never in dispute in Civil Case No. 70359, thus, there was no doubt that 3D could sell the trademark to a third party without avoiding whatever judgment the trial court might render. According to the petitioner, it was erroneous for the CA to conclude that the Assignment of Trademark to petitioner was made during the execution stage or after an adverse judgment against 3D;⁶ that the assignment was as early as April 24, 2009; and that it was a purchaser in good faith and for value and cannot be considered as a transferee *pendente lite*.⁷ As regards the claim that the trial court has no jurisdiction over the petitioner and its properties, petitioner claimed that it was not a party litigant in Civil Case No. 70359 and its properties can never be the subject of execution proceedings to satisfy a judgment debt against 3D. Lastly, petitioner complained that the doctrine of immutability of judgment was violated.

For her part, respondent countered that the transfer of the mark in favor of the petitioner was done in contravention of the decision of the trial court rendered on November 26, 2012, which permanently enjoined 3D from using the mark and from enjoying all the rights appurtenant thereto. She claimed that it was a clear transfer *pendente lite* since the transfer was made on the date when a final judgment was already issued binding the trademark.

Our Ruling

After a careful review of the records of the instant case, this Court affirms the findings of the trial court and the CA that there was a transfer *pendente lite*. Thus, we deny the petition.

The legal interest of the petitioner over the trademark ***3D and Device*** springs from the sale of the subject trademark by 3D in favor of the petitioner during the pendency of the execution of the judgment in Civil Case No. 70359. To begin with, it is undisputed that the decision in Civil Case No. 70359 was rendered by the trial court on November 26, 2012. It

⁵ Id. at 74-78.

⁶ Id. at 36-37.

⁷ Id. at 35.

was established that one of the primary components of the dispositive portion in the decision was to permanently enjoin the defendant 3D from enjoying all the rights appurtenant to its ownership of the trademark.⁸ An evaluation of the documents revealed that 3D actually executed an Assignment of Trademark in favor of the petitioner on February 13, 2013, which was clearly after the aforementioned decision in Civil Case No. 70359 has become final and executory and after 3D had received a copy of the Motion for Execution. In such case, the alleged “original” assignment of the trademark by 3D to the petitioner on April 24, 2009 becomes immaterial, which was also found to be unsupported by a credible evidence since the certification⁹ dated June 17, 2014 issued by the Bureau of Trademarks pertaining to an assignment of trademark on April 24, 2009 showed an assignment to a certain Divine Token Limited and not to the petitioner.

As a transferee *pendente lite*, the Court agrees with the CA that petitioner need not be a party to the main case. Rule 3, Section 19 of the 1997 Rules of Procedure, provides:

SEC. 19. *Transfer of interest.* — In case of any transfer of interest, the action may be continued by or against the original party, unless the court upon motion directs the person to whom the interest is transferred to be substituted in the action or joined with the original party.

The above provision gives the trial court discretion to allow or disallow the substitution or joinder by the transferee. Discretion is permitted because, in general, the transferee's interest is deemed by law as adequately represented and protected by the participation of his transferors in the case. There may be no need for the transferee *pendente lite* to be substituted or joined in the case because, in legal contemplation, he is not really denied protection as his interest is one and the same as his transferors, who are already parties to the case.¹⁰

We held that a transferee stands exactly in the shoes of his predecessor-in-interest, bound by the proceedings and judgment in the case before the rights were assigned to him. It is not legally tenable for a transferee *pendente lite* to still intervene. Essentially, the law already considers the transferee joined or substituted in the pending action, commencing at the exact moment when the transfer of interest is perfected between the original party-transferor and the transferee *pendente lite*.¹¹

Given the above principles, this court cannot accept petitioner's supposition that since it was not a party litigant, it cannot be the subject of the execution proceedings against 3D. To begin with, petitioner cannot be

⁸ Id. at 12.

⁹ Id. at 81.

¹⁰ *Heirs of Medrano v. De Vera*, 641 Phil. 228, 242 (2010).

¹¹ *Natalia Realty, Inc. v. Court of Appeals*, 440 Phil. 1, 28 (2002).



considered as a purchaser for value and in good faith. A purchaser in good faith and for value is one who buys the property of another without notice that some other person has a right to or interest in such property and pays a full and fair price for the same, at the time of such purchase, or before he has notice of the claims or interest of some other person in the property.¹² In this case, it cannot be denied that petitioner, who is represented by the same person who represents 3D, had sufficient notice of all the proceedings that transpired in Civil Case No. 70359, including the execution of the judgment. The CA was in the right position to take notice that 3D was mum all throughout the execution stage that it had already assigned the trademark to the petitioner; and petitioner likewise did not assert its right over the trademark during the public auction and simply allowed the public auction to push through. In this regard, this Court cannot also give consideration to petitioner's claim of denial of right to due process. It was clear that petitioner was never deprived of its right to file an appeal or any other remedies it deemed proper from the time the main case was being litigated up to the time the execution of the judgment was to happen.

In support to its claim that the doctrine of immutability of judgment was violated in this case, petitioner claimed that once a decision or order becomes final and executory, the court is removed from the power or jurisdiction of the court to further alter or amend it.¹³ We do not agree. The jurisdiction of the court to execute its judgment continues even after the judgment has become final for the purpose of enforcement of judgment.¹⁴

It is axiomatic that after a judgment has been *fully satisfied*, the case is deemed terminated once and for all. It is when the judgment has been *satisfied* that the same passes beyond review, for *satisfaction thereof is the last act and end* of the proceedings. In *Vda. de Paman v. Judge Señeris*,¹⁵ the Court held that a case in which an execution has been issued is regarded as still pending so that all proceedings on the execution are proceedings in the suit. There is no question that the court which rendered the judgment has a general supervisory control over its process of execution, and this power carries with it the right to determine every question of fact and law which may be involved in the execution.¹⁶

Lastly, the Court views with disfavor the unjustified delay in the enforcement of the final orders and decision in this case. Once a judgment, becomes final and executory, the prevailing party should not be denied the fruits of his victory by some subterfuge devised by the losing party.¹⁷

¹² *Seveses v. Court of Appeals*, 375 Phil. 64, 71 (1999).

¹³ *Rollo*, p. 40.

¹⁴ *Id.* at 33.

¹⁵ G.R. No. L-31632, July 30, 1982.

¹⁶ *Diamond Drilling Corp. of the Philippines v. Crescent Mining and Development Corp.*, G.R. Nos. 201785 & 207360, April 10, 2019.

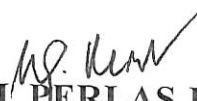
¹⁷ See *Mejia-Espinoza, et al. v. Cariño*, 804 Phil. 248, 259 (2017).

WHEREFORE, premises considered, this Court resolves to **DENY** the petition. The Decision of the Court of Appeals in CA-G.R. SP No. 135146 promulgated on March 20, 2017 and its Resolution dated October 24, 2017, are hereby **AFFIRMED**.


SO ORDERED.


EDGARDO L. DELOS SANTOS
Associate Justice

WE CONCUR:


ESTELA M. PERLAS-BERNABE
Senior Associate Justice
Chairperson

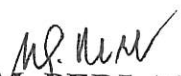

ANDRES B. REYES, JR.
Associate Justice


RAMON PAUL L. HERNANDO
Associate Justice


HENRI JEAN PAUL B. INTING
Associate Justice

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, 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.


ESTELA M. PERLAS-BERNABE
Acting Chief Justice