



Republic of the Philippines
Supreme Court
 Manila

THIRD DIVISION

MA. SHARMAINE R. G.R. No. 213815
MEDINA/RACKEY CRYSTAL
TOP CORPORATION, Present:
 Petitioners,

LEONEN, *J., Chairperson,*
 HERNANDO,
 INTING,
 DELOS SANTOS, and
 LOPEZ, *J., JJ.*

-versus-

GLOBAL QUEST VENTURES,
INC., Respondent. **Promulgated:**
February 8, 2021

MisADC Batt

X-----X

DECISION

LEONEN, J.:

A certificate of registration accords the registrant a *prima facie* presumption of their ownership of the mark. However, this presumption may be rebutted by proof that the registration was obtained fraudulently or contrary to the provisions of the Intellectual Property Code.

This resolves a Petition for Review on Certiorari¹ under Rule 45 of the Rules of Court seeking the reversal of the Court of Appeals Decision² and Resolution³ in C.A.-G.R. SP No. 125161. The Court of Appeals affirmed the

¹ *Rollo*, pp. 10–50.

² *Id.* at 54–73. The October 31, 2013 Decision was penned by Associate Justice Leoncia Real-Dimagiba and concurred in by Associate Justices Rosmari D. Carandang and Ricardo R. Rosario (now members of this Court) of the Fifth Division, Court of Appeals, Manila.

³ *Id.* at 75–78. The August 8, 2014 Resolution was penned by Associate Justice Leoncia Real-Dimagiba and concurred in by Associate Justices Rosmari D. Carandang and Ricardo R. Rosario (now members of this Court) of the Former Fifth Division, Court of Appeals, Manila.

Q

Decision⁴ of the Intellectual Property Office Director General cancelling petitioner's Certificate of Trademark Registration No. 4-2005-00121.

Respondent Global Quest Ventures, Inc. (Global) is a domestic corporation which manufactures and sells gulaman jelly powder mix. The copyrighted name "Mr. Gulaman" and its logo design are printed on the packaging box and sachet of its product.⁵

On February 1, 2006, Global filed an application for trademark registration of its copyrighted name "Mr. Gulaman" before the Intellectual Property Office. However, Global discovered that Ma. Sharmaine R. Medina (Medina) had a pending application for trademark registration of the name "'Mr. Gulaman' (Stylized)."⁶ Medina's application, filed on May 9, 2005, was for goods under Class 29 of the International Classification of goods.⁷

Claiming ownership of the mark, Global opposed⁸ Medina's application.⁹

According to Global, in 2004, it learned that Bendum Trading (Bendum) imitated its gulaman jelly powder mix product and used "Mr. Gulaman" and its logo design in the product's packaging. Global had instituted legal actions against Bendum but the product is still circulating in the market.¹⁰ Global suspected that Medina was working for Bendum considering that she used its address as her business address.¹¹

Despite Global's opposition, Certificate of Registration No. 4-2005-004181 was issued in Medina's name on June 25, 2006.¹²

Global then filed a Petition for Cancellation of Medina's certificate of registration.¹³

It alleged that "Mr. Gulaman" with its logo design is the copyrighted work of a certain Benjamin Irao, Jr. (Irao)¹⁴ who Global commissioned to create and register "Mr. Gulaman" with its logo design as a copyright.¹⁵ In 1996, a Certificate of Copyright Registration¹⁶ for "Mr. Gulaman" with logo

⁴ Id. at 122–128. The May 2, 2012 Decision was penned by Director General Ricardo R. Blancaflor.

⁵ Id. at 157.

⁶ Id. at 158.

⁷ Id. at 157.

⁸ Id. at 132–133.

⁹ Id. at 158.

¹⁰ Id. at 157.

¹¹ Id. at 458.

¹² Id. at 157.

¹³ Id.

¹⁴ Id. at 157–158.

¹⁵ Id. at 457.

¹⁶ Id. at 484.

design was issued in Irao's name.¹⁷ Global maintained that it had been using "Mr. Gulaman" as trademark for its gulaman jelly products since the year 2000 and the rights over the name was assigned to it by Irao, through a Deed of Assignment, on February 14, 2005.¹⁸

In support of its Petition for Cancellation, Global presented the following pieces of evidence, among others:

1. "Sample of the product's box packaging";
2. "Certified Xerox copy of the Certificate of Copyright Registration of the Mr. Gulaman logo design in the name of Benjamin Irao, Jr.";
3. "Deed of Assignment executed on February 14, 2005 by Benjamin Irao, Jr. of the copyright registration of Mr. Gulaman (with logo design), among others, to Global Quest Ventures, Inc."; and
4. "Affidavit of Benjamin Irao, Jr."¹⁹

On September 7, 2006, the Intellectual Property Office sent a notice, through registered mail, directing Medina to file her Answer. However, the reglementary period expired without Medina doing so. Accordingly, the Bureau of Legal Affairs (BLA-IPO) waived Medina's right to file an answer and supporting documents.²⁰

Medina sought reconsideration of the order declaring her in default²¹ which the BLA-IPO denied.²² The Intellectual Property Office affirmed this,²³ which prompted Medina to elevate the matter to the Court of Appeals via a Petition for Certiorari, ascribing grave abuse of discretion on the Intellectual Property Office. This was docketed as CA-G.R. SP No. 100742.²⁴

Meanwhile, the BLA-IPO granted Global's Petition for Cancellation of Medina's Certificate of Trademark Registration on August 8, 2008.²⁵ It found that the registration was obtained fraudulently or contrary to the provisions of the Intellectual Property Code.²⁶

The BLA-IPO relied on Irao's affidavit which corroborated Global's claim of prior use. According to Irao, he authorized Global to use "Mr. Gulaman" as trademark for its product immediately after the issuance of the copyright registration. The BLA-IPO ruled that Global had acquired

¹⁷ Id. at 162.

¹⁸ Id. at 458.

¹⁹ Id. at 159-160.

²⁰ Id. at 160.

²¹ Id. at 473-474.

²² Id.

²³ Id.

²⁴ Id. at 470-476.

²⁵ Id. at 157-164. The Decision was penned by Director of Bureau of Legal Affairs Estrellita Beltran-Abelardo.

²⁶ Id. at 163.

ownership of the mark on account of its actual use in commerce since 1996.²⁷

It further made a comparison of the two marks and concluded that Medina merely copied Global's mark. It noted that the dominant word "Mr. Gulaman" in both Global and Medina's marks are identical and the same in all aspects. This finding was further reinforced by Medina's Declaration of Actual Use wherein she submitted photographs of Global's packaging using "Mr. Gulaman" and its logo.²⁸

Medina moved for reconsideration of the BLA-IPO decision. She argued that Global's evidence failed to overcome the *prima facie* presumption of validity accorded to her certificate of registration.²⁹

Global opposed Medina's motion for reconsideration, raising the pendency of a separate case between the same parties. It contended that in IPC Case No. 14-2007-001122, involving the mark "Megalicious Mr. Gulaman," it submitted sales invoices evidencing its prior use in commerce of the mark "Mr. Gulaman."³⁰

In her Reply, Medina argued that the sales invoices were inadmissible for being photocopies and are considered forgotten evidence.³¹

In its October 20, 2009 Resolution, the BLA-IPO denied Medina's motion for reconsideration.³²

Aggrieved, Medina appealed to the Office of the Director General.³³

Global filed its Comment to the appeal attaching therewith copies of the sales invoices.³⁴

On May 28, 2012, the Office of the Director General affirmed the BLA-IPO's decision.³⁵ It ruled that there was substantial evidence to prove Global's prior use of the "Mr. Gulaman" mark. It likewise noted that in proving its ownership, Global presented not only a certificate of copyright registration but also a sample of its product labels and sales invoices, thus:

²⁷ Id. at 162.

²⁸ Id. at 162-163.

²⁹ Id. at 617-618.

³⁰ Id. at 618.

³¹ Id.

³² Id. at 204-207. The Resolution was penned by Director of Bureau of Legal Affairs Estrellita Beltran-Abelardo.

³³ Id.

³⁴ Id.

³⁵ Id. at 122-128. The May 28, 2012 Decision was penned by Director General Ricardo R. Blancafor.



Appellant's mark



Appellee's mark

At a glance, one can easily see the word “MR GULAMAN” in the contending marks, especially since this word is written in the same style and color (green). While the appellant’s mark is only a stylized word mark and the Appellee’s mark contains a pictorial illustration of a “chef or baker holding a plate with a jelly on top colored red, green, yellow, blue and black”, the similarity of the presentation of the stylized word “MR. GULAMAN” gives the impression that the marks are just variations of the other and belong to the same source or origin.

In this regard, this Office finds that there are substantial evidence supporting the Director’s ruling that the Appellee is the prior user and originator of the stylized “MR. GULAMAN”.

The Director cites the copyright registration of the Appellee issued in 1996 in favor of the [sic] Mr. Benjamin Irao, Jr. for [the] MR. GULAMAN (with logo design). On the other hand, the Appellant’s certificate of registration was only issued on 25 June 2006 on the basis of a trademark application filed on 09 May 2005. While it is true that a copyright is different from a trademark, the Appellee’s certificate of copyright registration for MR. GULAMAN (with logo design) is not inconsistent to the Appellee’s claim of prior use of this design or the stylized MR. GULAMAN. The Appellee presented a sample of its product labels that show the MR. GULAMAN (with logo design). In the absence of any contrary evidence indicating prior use by the Appellant of a similar design, the Appellee is deemed to be the owner of this design. As correctly pointed out by the Appellee:

Between herein Petitioner-Appellee which presented the following pieces of evidence, to wit: 1.) Ownership of copyrighted mark/work MR. GULAMAN; 2) Sample of product’s box packaging using the mark MR. GULAMAN and 3.) Sales invoices showing that it has been selling gulaman jelly products in the market using the mark MR. GULAMAN as early as the year 2000, and the Respondent-Appellant who has **NO EVIDENCE (AT ALL) ON RECORD** in this case, this appeal must be resolved in favor of the Petitioner-Appellee. All told, since the Petitioner-Appellee was able to present substantial evidence, in contrast to Respondent-Appellant, to prove that it has a better right over the herein subject mark then, there is no reason at all to disturb the BLA Decision, dated 02 August 2008.³⁶ (Emphasis in the original, citations omitted)

Medina then filed a Petition for Review with the Court of Appeals.³⁷

³⁶ Id. at 127.

³⁷ Id. at 54.

In its assailed Decision,³⁸ the Court of Appeals affirmed the Office of the Director General's findings. It decreed that while Medina's certificate of registration constitutes *prima facie* evidence of her ownership over the mark "Mr. Gulaman", this presumption may be overcome by evidence of prior use by another.³⁹ It ruled that the origin of Global's right over the mark, coupled by the sales invoices it presented defeated the *prima facie* presumption attached to Medina's certificate of registration.⁴⁰

Medina's motion for reconsideration having been denied,⁴¹ she then filed a Petition for Review before this Court.

Petitioner maintains that her right to assail the Decision's validity is not affected by her having been declared in default. A party declared in default may still assail the judgment on the ground of it being contrary to evidence or law.⁴² On this note, she claims that respondent failed to present evidence sufficient to overcome the *prima facie* presumption of validity and ownership accorded in her favor by the certificate of registration.⁴³ She insists that all the documentary evidence submitted by respondent are inadmissible for being photocopies. Respondent also offered no plausible reason why the originals were not presented, pursuant to the Best Evidence Rule.⁴⁴ In addition, she notes that the Intellectual Property Office's Rules on Inter-Partes Proceedings require that originals of the documents be presented as evidence.⁴⁵

Similarly, the sales invoices belatedly submitted before the Office of the Director General were clearly altered and tampered with.⁴⁶

Assuming photocopies may be admitted, she posits that respondent's documentary evidence are still insufficient to prove its ownership and prior use of the mark.⁴⁷ The certificate of copyright registration submitted by respondent before the IPO did not contain any illustration or sample from which the BLA could have compared petitioner's registered mark.⁴⁸

Petitioner further asserts that Irao's affidavit consists of bare allegations insufficient to prove respondent's actual use of the mark.⁴⁹

³⁸ Id. at 54–72.

³⁹ Id. at 69–70.

⁴⁰ Id. at 70–71.

⁴¹ Id. at 75–78.

⁴² Id. at 622.

⁴³ Id. at 625–626.

⁴⁴ Id. at 640–641.

⁴⁵ Id. at 642.

⁴⁶ Id. at 646–648.

⁴⁷ Id. at 628.

⁴⁸ Id. at 633.

⁴⁹ Id. at 644–645.

In addition, petitioner alleges that the copyright to a work does not give the copyright registrant the right to exclude others from its use as trademark in commerce. Copyright and trademark are different intellectual properties which afford different rights and protection.⁵⁰

Petitioner likewise argues that her mark “Mr. Gulaman (Stylized)” and the “Mr. Gulaman (w/ logo design)” are not confusingly similar. She maintains that the two marks are visually and aurally different, and thus, no confusion will occur.⁵¹

Petitioner insists further that the Court of Appeals erred in affirming the Intellectual Property Office’s decision not to admit her answer. She maintains that the admission of her answer, including the evidence attached therewith would result to the reversal of the Intellectual Property Office’s decision.⁵²

Finally, she claims that the Intellectual Property Office’s refusal to admit her answer resulted in the derogation of her right to due process in that: (1) she suffered because of the “improper service” of Notice of Answer; and (2) “the strict adherence” to technical rules deprived her of the opportunity to present evidence.⁵³ She asserts that a Deed of Assignment attached to her answer stated that the subject trademark was first used in commerce in 1994 by Romualdo C. Rivera (Rivera). Rivera allegedly used the mark for his jelly mix powder and allowed petitioner to use it starting 2001. She attached delivery receipts dated 2004 to 2006 to support her claim of prior use.⁵⁴

On the other hand, respondent counters that petitioner’s claim of denial of due process is baseless. It notes that the issue of whether the Intellectual Property Office erred in declaring petitioner in default has already been resolved with finality by the Court of Appeals in C.A. GR No. SP. No. 100742.⁵⁵

Respondent likewise argues that its ownership of the mark “Mr. Gulaman” has been proven by the following: 1) proof of ownership of the copyrighted work “Mr. Gulaman”; 2) sample of its product packaging; 3) sales invoices;⁵⁶ and 4) Deed of Assignment.⁵⁷ It further maintains that petitioner’s allegation of the sales invoice having been tampered lacks sufficient basis.⁵⁸

⁵⁰ Id. at 633–634.

⁵¹ Id. at 635–636.

⁵² Id. at 650–658.

⁵³ Id. at 651–652.

⁵⁴ Id. at 658.

⁵⁵ Id. at 699–671.

⁵⁶ Id. at 671.

⁵⁷ Id. at 672.

⁵⁸ Id. at 673.

Lastly, respondent contends that on account of its expertise over matters falling under its jurisdiction, the Intellectual Property Office's findings of fact should be respected.⁵⁹

The issue to be resolved is whether or not the Court of Appeals erred in affirming the cancellation of petitioner's Certificate of Registration No. 4-2005-00418.

I

At the outset, this Court notes that the question of whether the Intellectual Property Office erred in refusing to admit petitioner's answer has been resolved with finality by the Court of Appeals in C.A. GR No. SP. No. 100742.

In its June 18, 2008 Decision,⁶⁰ the Court of Appeals found no grave abuse of discretion on the Intellectual Property Office's part in declaring petitioner to have waived her right to file an answer. It held that petitioner not only failed to file an answer within the reglementary period, she likewise disregarded the verification requirement under Section 9 of the Intellectual Property Office Order No. 79, series of 2005.⁶¹

Petitioner moved for reconsideration, but was denied on February 17, 2009. This decision of the Court of Appeals became final and executory on March 9, 2009 and an Entry of Judgment was issued on July 14, 2009.⁶²

Accordingly, this Court will no longer delve on petitioner's claim of denial of due process.

II

The Intellectual Property Code defines trademark as "any visible sign capable of distinguishing the goods . . . of an enterprise[.]"⁶³ It is "any distinctive word, name, symbol, emblem, sign, or device, or any combination thereof, adopted and used by a manufacturer or merchant on his goods to identify and distinguish them from those manufactured, sold, or dealt by

⁵⁹ Id. at 673-674.

⁶⁰ Id. at 470-480. The Decision was penned by Associate Justice Ramon R. Garcia and concurred by Associate Justices Juan Q. Enriquez, Jr. and Isaias P. Dicedican of the Twelfth Division, Court of Appeals, Manila.

⁶¹ Id. at 478.

⁶² Id. at 205-206.

⁶³ Republic Act No. 8293 (1997), secs. 121, 121.1 provide:

SECTION 121. *Definitions.* — As used in Part III, the following terms have the following meanings: 121.1. "Mark" means any visible sign capable of distinguishing the goods (trademark) or services (service mark) of an enterprise and shall include a stamped or marked container of goods[.]

others.” It is an intellectual property which is protected by law.⁶⁴

The rights in a mark are acquired through registration made in accordance with the Intellectual Property Code.⁶⁵ Once registered, the certificate of registration constitutes “a *prima facie* evidence of the validity of the registration, the registrant’s ownership of the mark, and of 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.”⁶⁶

Here, the Court of Appeals recognized the *prima facie* presumption accorded by petitioner’s certificate of registration. However, it noted that this presumption is not indefeasible and may be overcome by evidence of prior use by another. Applying this Court’s pronouncement in *Berris Agricultural Co., Inc. v. Abyadang*,⁶⁷ the Court of Appeals decreed:

. . . prima facie presumption brought about by the registration of a mark may be challenged and overcome, in an appropriate action, by proof of the nullity of the registration or of non-use of the mark, except when excused. Moreover, the presumption may likewise be defeated by evidence of prior use by another person, i.e., it will controvert a claim of legal appropriation or of ownership based on registration by a subsequent user. This is because a trademark is a creation of use and belongs to one who first used it in trade or commerce.

That *prima facie* evidence attached to the Certificate of Registration issued to herein petitioner was overcome by retracing the origin of respondent’s right from that of Mr. Benjamin Irao acquired in 1996 which Mr. Irao assigned to herein respondent in February 2005, earlier than the petitioner’s certificate of Registration issued on 25 June 2006.⁶⁸ (Emphasis in the original)

*Berris*⁶⁹ clarified that “trademark is a creation of use and belongs to one who first used it in trade or commerce.”⁷⁰ Accordingly, while a certificate of registration constitutes a *prima facie* evidence of the registrant’s ownership of the mark, this presumption may be overcome by proof of another person’s prior use.⁷¹

⁶⁴ *Dermaline, Inc. v. Myra Pharmaceuticals, Inc.*, 642 Phil. 503, 510–511 (2010) [Per J. Nachura, Second Division].

⁶⁵ Republic Act No. 8293 (1997), sec. 122 provides:
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.

⁶⁶ Republic Act No. 8293 (1997), sec. 138 provides:
SECTION 138. *Certificates of Registration.* — A certificate of registration of a mark shall be *prima facie* evidence of the validity of the registration, the registrant’s ownership of the mark, and of 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.

⁶⁷ *Berris Agricultural Co., Inc. v. Abyadang*, 647 Phil. 517 (2010) [Per J. Nachura, Second Division].

⁶⁸ *Rollo*, pp. 69–71.

⁶⁹ *Berris Agricultural Co., Inc. v. Abyadang*, 647 Phil. 517 (2010) [Per J. Nachura, Second Division].

⁷⁰ *Id.* at 526.

⁷¹ *Id.*

The ruling in *Berris* was reiterated in *Birkenstock Orthopaedie GmbH and Co. KG v. Phil. Shoe Expo Marketing Corp.*⁷² where this Court stressed that “it is not the application or registration of a trademark that vests ownership thereof, but it is the ownership of a trademark that confers the right to register the same.”⁷³ The registration merely creates a *prima facie* presumption of ownership which may be rebutted by evidence of actual and real ownership of another⁷⁴ or by proof that it was obtained fraudulently,⁷⁵ thus:

Clearly, it is not the application or registration of a trademark that vests ownership thereof, but it is the ownership of a trademark that confers the right to register the same. A trademark is an industrial property over which its owner is entitled to property rights which cannot be appropriated by unscrupulous entities that, in one way or another, happen to register such trademark ahead of its true and lawful owner. The presumption of ownership accorded to a registrant must then necessarily yield to superior evidence of actual and real ownership of a trademark.⁷⁶

The rule that ownership is acquired by prior use was abandoned in the recent case of *Zuneca Pharmaceutical v. Natrapharm, Inc.*⁷⁷

In *Zuneca*, this Court examined the laws on trademark and discussed

⁷² *Birkenstock Orthopaedie GmbH and Co. KG v. Phil. Shoe Expo Marketing Corp.*, 721 Phil. 867 (2013) [Per J. Perlas-Bernabe, Second Division].

⁷³ *Id.* at 880.

⁷⁴ *Id.*

⁷⁵ Republic Act No. 8293 (1997), sec. 151 provides:

SECTION 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:

(a) Within five (5) years from the date of the registration of the mark under this Act.

(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. If the registered mark becomes the generic name for less than all of the goods or services for which it is registered, a petition to cancel the registration for only those goods or services may be filed. A registered mark shall not be deemed to be the generic name of goods or services solely because such mark is also used as a name of or to identify a unique product or service. The primary significance of the registered mark to the relevant public rather than purchaser motivation shall be the test for determining whether the registered mark has become the generic name of goods or services on or in connection with which it has been used.

(c) At any time, if the registered owner of the mark without legitimate reason fails to use the mark within the Philippines, or to cause it to be used in the Philippines by virtue of a license during an uninterrupted period of three (3) years or longer.

151.2. Notwithstanding the foregoing provisions, the court or the administrative agency vested with jurisdiction to hear and adjudicate any action to enforce the rights to a registered mark shall likewise exercise jurisdiction to determine whether the registration of said mark may be cancelled in accordance with this Act. The filing of a suit to enforce the registered mark with the proper court or agency shall exclude any other court or agency from assuming jurisdiction over a subsequently filed petition to cancel the same mark. On the other hand, the earlier filing of petition to cancel the mark with the Bureau of Legal Affairs shall not constitute a prejudicial question that must be resolved before an action to enforce the rights to same registered mark may be decided.

⁷⁶ *Birkenstock Orthopaedie GmbH and Co. KG v. Phil. Shoe Expo Marketing Corp.*, 721 Phil. 867, 880 (2013) [Per J. Perlas-Bernabe, Second Division].

⁷⁷ G.R. No. 211850, September 8, 2020
<<https://elibrary.judiciary.gov.ph/thebookshelf/showdocs/1/66500>> [Per J. Caguioa, En Banc].

how the rule on ownership progressed over time. This Court noted that in the past, ownership over trademark was acquired through actual use. However, upon the enactment of Republic Act No. 8293 or the Intellectual Property Code, ownership is now acquired through registration,⁷⁸ thus:

The current rule under the IP Code is thus in stark contrast to the rule on acquisition of ownership under the Trademark Law, as amended. To recall, the Trademark Law, as amended, provided that prior use and non-abandonment of a mark by one person barred the future registration of an identical or a confusingly similar mark by a different proprietor when confusion or deception was likely. It also stated that one acquired ownership over a mark by actual use.

Once the IP Code took effect, however, the general rule on ownership was changed and repealed. *At present, as expressed in the language of the provisions of the IP Code, 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 registration made validly in accordance with the provisions of the IP Code.* Accordingly, the trademark provisions of the IP Code use the term “owner” in relation to registrations. This fact is also apparent when comparing the provisions of the Trademark Law, as amended, and the IP Code, viz.[.]

....

Subparagraph (d) of the above provision of the Trademark Law was amended in the IP Code to, among others, remove the phrase “*previously used in the Philippines by another and not abandoned.*” Under the Trademark Law, as amended, the first user of the mark had the right to file a cancellation case against an identical or confusingly mark registered in good faith by another person. However, with the omission in the IP Code provision of the phrase “*previously used in the Philippines by another and not abandoned,*” said right of the first user is no longer available. In effect, based on the language of the provisions of the IP Code, even if the mark was previously used and not abandoned by another person, a good faith applicant may still register the same and thus become the owner thereof, and the prior user cannot ask for the cancellation of the latter’s registration. If the lawmakers had wanted to retain the regime of acquiring ownership through use, this phrase should have been retained in order to avoid conflicts in ownership. The removal of such a right unequivocally shows the intent of the lawmakers to abandon the regime of ownership under the Trademark Law, as amended.

On this point, our esteemed colleagues Associate Justices Leonen and Lazaro-Javier have expressed their doubts regarding the abandonment of the ownership regime under the Trademark Law, as amended, because of the continued requirement of actual use under the IP Code and because of the *prima facie* nature of a certificate of registration. In particular, Sections 124.2 and 145 of the IP Code provide that the applicant/registrant is required to file a Declaration of Actual Use on specified periods, while Section 138 provides that a certificate of registration of a mark shall be *prima facie* evidence of the validity of the registration, the registrant’s ownership of the mark, and of 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

⁷⁸ Id.

certificate.

Certainly, while the IP Code and the Rules of the IPO mandate that the applicant/registrant must prove continued actual use of the mark, it is the considered view of the Court that this does not imply that actual use is still a recognized mode of acquisition of ownership under the IP Code. Rather, these must be understood as provisions that require actual use of the mark in order for the registered owner of a mark to **maintain** his ownership.

In the same vein, the *prima facie* nature of the certificate of registration is not indicative of the fact that prior use is still a recognized mode of acquiring ownership under the IP Code. Rather, it is meant to recognize the instances when the certificate of registration is not reflective of ownership of the holder thereof, such as when: [1] the first registrant has acquired ownership of the mark through registration but subsequently lost the same due to non-use or abandonment (*e.g.*, failure to file the Declaration of Actual Use); [2] the registration was done in bad faith; [3] the mark itself becomes generic; [4] the mark was registered contrary to the IP Code (*e.g.*, when a generic mark was successfully registered for some reason); or [5] 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.⁷⁹ (Emphasis supplied)

This Court continued that while registration vests ownership over a mark, bad faith may still be a ground for the cancellation of trademark registrations.⁸⁰ Section 151(b) of the Intellectual Property Code states:

SECTION 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:

....

(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. If the registered mark becomes the generic name for less than all of the goods or services for which it is registered, a petition to cancel the registration for only those goods or services may be filed. A registered mark shall not be deemed to be the generic name of goods or services solely because such mark is also used as a name of or to identify a unique product or service. The primary significance of the registered mark to the relevant public rather than purchaser motivation shall be the test for determining whether the registered mark has become the generic name of goods or services on or in connection with

⁷⁹ Id.

⁸⁰ Id.

which it has been used.

Bad faith and fraud, in relation to trademark registration, were discussed as follows:

The concepts of bad faith and fraud were defined in *Mustang-Bekleidungswerke GmbH + Co. KG v. Hung Chiu Ming*, a case decided by the Office of the Director General of the IPO under the Trademark Law, as amended, *viz.*:

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.

The concept of fraud contemplated above is not a mere inaccurate claim as to the origin, ownership, and use of the trademark. In civil law, the concept of fraud has been defined as the deliberate intention to cause damage or prejudice. The same principle applies in the context of trademark registrations: fraud is intentionally making false claims to take advantage of another's goodwill thereby causing damage or prejudice to another. Indeed, the concepts of bad faith and fraud go hand-in-hand in this context. There is no distinction between the concepts of bad faith and fraud in trademark registrations because the existence of one necessarily presupposes the existence of the other.⁸¹

Whether petitioner is guilty of bad faith or fraud requires a factual determination. Its resolution necessitates a review of documentary exhibits which cannot be undertaken through a Petition for Review under Rule 45 of the Rules of Court.⁸² As explained in *Pascual v. Burgos*:⁸³

The Rules of Court require that only questions of law should be raised in petitions filed under Rule 45. This court is not a trier of facts. It will not entertain questions of fact as the factual findings of the appellate courts are "final, binding[,] or conclusive on the parties and upon this [c]ourt" when supported by substantial evidence. Factual findings of the appellate courts will not be reviewed nor disturbed on appeal to this court.⁸⁴ (Citations omitted)

Furthermore, by reason of its special knowledge and expertise over matters falling within its jurisdiction, the Intellectual Property Office is in a better position to determine whether there was bad faith. Its finding on this

⁸¹ Id.

⁸² Id.

⁸³ 776 Phil. 167 (2016) [Per J. Leonen, Second Division]

⁸⁴ Id. at 182.

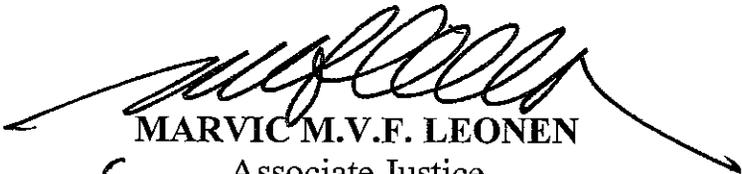
matter “are generally accorded great respect, if not finality by the courts, as long as they are supported by substantial evidence, even if such evidence might not be overwhelming or even preponderant.”⁸⁵

While the rule admits of exceptions,⁸⁶ this Court finds no reason to depart and overturn the factual determination of the BLA-IPO as affirmed by both the Office of the Director General and the Court of Appeals.

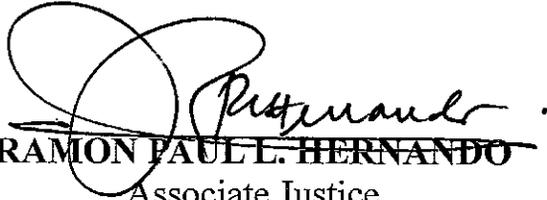
In cancelling petitioner’s certificate of registration, the BLA-IPO concluded that petitioner copied respondent’s mark. It compared the two and found that petitioner’s mark is identical with respondent’s. It noted that the word “Mr. Gulaman” in both of their marks are “exactly the same in all aspects[.]”⁸⁷ This conclusion was bolstered by its finding that in petitioner’s Declaration of Actual Use, she submitted photographs of a packaging showing respondent’s “Mr. Gulaman” and its logo design.⁸⁸

WHEREFORE, the Petition is **DENIED**. The October 31, 2013 Decision and August 8, 2014 Resolution of the Court of Appeals in CA-G.R. SP No. 125161 are **AFFIRMED**.

SO ORDERED.


MARVIC M.V.F. LEONEN
 Associate Justice

WE CONCUR:


RAMON PAUL L. HERNANDO
 Associate Justice

⁸⁵ *Berris Agricultural Co., Inc. v. Abyadang*, 647 Phil. 517, 533 (2010) [Per J. Nachura, Second Division].

⁸⁶ (1) When the conclusion is a finding grounded entirely on speculation, surmises or conjectures; (2) When the inference made is manifestly mistaken, absurd or impossible; (3) Where there is a grave abuse of discretion; (4) When the judgment is based on a misapprehension of facts; (5) When the findings of fact are conflicting; (6) When the Court of Appeals, in making its findings, went beyond the issues of the case and the same is contrary to the admissions of both appellant and appellee; (7) The findings of the Court of Appeals are contrary to those of the trial court; (8) When the findings of fact are conclusions without citation of specific evidence on which they are based; (9) When the facts set forth in the petition as well as in the petitioner’s main and reply briefs are not disputed by the respondents; and (10) The finding of fact of the Court of Appeals is premised on the supposed absence of evidence and is contradicted by the evidence on record. See *Pascual v. Burgos*, 776 Phil. 167, 182–183 (2016) [Per J. Leonen, Second Division].

⁸⁷ *Rollo*, pp. 162–163.

⁸⁸ *Id.* at 62–63.



HENRI JEAN PAUL B. INTING
Associate Justice



EDGARDO L. DELOS SANTOS
Associate Justice



JHOSEP LOPEZ
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
Associate Justice
Chairperson

CERTIFICATION

Pursuant to Section 13, Article VIII 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.



DIOSDADO M. PERALTA
Chief Justice