

ALLEN & MILLER  
PRODUCTIONS, INC.,  
Petitioner,

-versus-

INTER PARTES CASE NO. 3518

LINKMAN INC. AND  
GAUDENCIO ONATE JR.,  
Respondent.

x-----x

DECISION NO. 97-36

## DECISION

Petitioner Allen & Miller Productions, Inc. is a corporation duly organized and existing under and by virtue of the laws of the Philippines with principal office at Suite 511, Fedman Building, Salcedo St., Legaspi Village, Makati City.

Respondent Linkman Inc. is also a corporation duly organized and existing under and by virtue of the laws of the Philippines. Respondent Gaudencio Onate Jr. is of legal age and a citizen of the Philippines. Both Respondents may be served with summons, notices and other processes at their principal office located at Suite 404 Regina Bldg., Aguirre corner Trasiera Sts., Legaspi Village, Makati City.

The present Petition for Cancellation was filed by herein Petitioner on the grounds that the subject of Respondent's utility model cannot be considered "new" pursuant to the provision of Section on 55 of Republic Act No. 165. Petitioner likewise assailed the Respondent's right to a patent alleging among others that Respondents are not the first, true and actual authors/or makers of the Utility Model No. 6573.

In support of its allegations, Petitioner relied on the following facts:

- (a) At the time respondent Gaudencio Onate's application Serial No. UM-10073 was filed with the Bureau of Patents in April 1987, Petitioner has already introduced into the Philippine market subject utility model for illuminated transit ads which are mounted on top of taxi cabs as early as of March 1987.

Specifically, on March 22, 1987, petitioner installed fifty (50) units of the said utility models for R & E Transport, Inc. Attached hereto as Annex "A" is a certification to that effect from the Administrative Office of R & E Transport Inc.

Prior thereto, on January 12, 1987 petitioner entered into a contract for the installation of subject utility models with R & E Transport Inc. and obtained an approval from the Land Transportation Office for its installation of said utility models on March 19, 1987. Attached hereto as Annexes "B" and "C", respectively, are the preliminary letter of agreement and the LTO letter of approval.

- (b) But even before said introduction into the Philippine market of utility models of transit and/or mobile ads covered by respondent's letters patent in question, the same had been in use in American, European and Asian markets as an advertising tool or medium.

The alleged subject described in respondents' utility model patent was thus publicly known, used and/or described in printed publications in the Philippines and even

earlier abroad long before respondents' application for utility, model (Serial No. UM-10073) was filed in April 1987.

- (c) The filing of the said application for respondents' utility model was made in bad faith and the letters patent for the same was fraudulently secured.
- (d) The issuance of Letters Patent No. UM-6573 has greatly prejudiced and damaged the interests of petitioner and unless the said Letters Patent is cancelled, will continue to cause such prejudice and damage to herein petitioner.

In their Answer, Respondents raised the following Special Affirmative Allegations and Defenses:

"6. Petitioner has no right or cause of action;

"7. Petitioner is guilty of bad faith, laches, acquiescence, and/or estoppel in filing the instant petition;

"8. Respondents are the true, original, first and sole makers and/or prior user of the utility model (mobile display sign) covered by Philippine Patent No. UM-6573 now subject of this Petition for Cancellation,

"9. At the time of filing of their application for utility model patent, Respondents' utility model (mobile display sign) was not ever publicly known or publicly used in the Philippines nor has been described in a printed publication or publications circulated within the Philippines; and

"10. The utility model (mobile display sign) of Respondents covered by Patent No. UM-6573 was considered new and patentable since it was not substantially similar to any other model so known, used or described in the Philippines at the time or even before Respondents' application for utility model was filed."

The facts as proffered in the parties' respective pleadings are as follows:

Respondent Gaudencio Onate Jr.'s application for Letters Patent was filed on April 3, 1987 with the Bureau of Patents, Trademarks and Technology Transfer. On March 16, 1988, the application was given due course and was issued Letters Patent No. UM-6573 in his name.

Subsequently, Mr. Onate assigned the said Patent to herein Respondent Linkman, Inc., a company where he served as the General Manager,

Said Letters Patent No. UM-6573 has the following claims:

"The construction of a utility model for a mobile display sign adapted to be mounted in a motor vehicle comprising:

- a hollow transparent body having an offset footing, a display sign member and a stiffener screwably secured on the opposed sides thereof, and a panel mounted on the upper portion of said body;
- a base having a peripheral extension screwably connected to said footing and a fluorescent bulb disposed within said base to provide illumination,
- and an anchoring plate being connected to said base mounting thereon to said motor vehicle."- (Exhibit "6" of Respondent)

This utility model relates in general to illuminating devices but more particularly to a mobile display signs adapted to be mounted to an automobile, specifically taxi cabs.

The primary object of this utility model is to provide an illuminating device that both function as a distinction for taxicabs and at the same time as a means for advertising purposes.

In the Petition at bar, Petitioner ascribes the following issues which have to be proven by the parties' respective evidences and resolved by this Office:

- (1) Whether or not UM-6573 is not "new" in accordance with the provision of Section 55 of Republic Act No. 165.
- (2) Whether or not Respondents are the first, true and actual authors/or makers of the Utility Model No.6573.

After the holding of the Pre-Trial Conference without any amicable settlement reached by the parties, trial on the merits was held initially for the reception of Petitioner's evidence.

In the consideration of the first issue raised by Petitioner, the sole legal provision which will be taken into account is Section 55 of RA 165, herein reproduced to wit:

*"A utility, model shall not be considered new if, before the application for a patent, it has been publicly known or publicly used in this country, or has been described in a printed publication or publications circulated within the country, or if it is substantially similar to any other M001 model so known, used or described within the country. "*

From the array of evidences thus presented, it is very clear that this form of advertising medium had long been in use s country even antedating the date of filing of herein Respondents' application. Exhibits "C" (Certificate from the Administrative Officer of R & E), "D" (Letter Agreement between Petitioner and R & E) and "E" (LTO Letter of Approval of Petitioner's Transit Ads) are all evidences presented by the Petitioner to prove priority of use. It is noted however that these agreements are only between Petitioner and R & E Transit and does not prove any materiality in the issue at hand. Petitioner in its allegations, did not raise the issue of substantial similarity between the two subject illuminated display signs. Neither was it shown that Petitioner's mobile ad medium is the same as the one patented in favor of herein Respondent. Absent the required evidences to lead to the inescapable conclusion that the subject utility model is no longer "new" as the word is defined in section 55 of the law on patents, the present Petition must fail. As it now stands, the said evidences remain inadequate to support the cancellation of a Letters Patent which enjoys the presumption of validity and regularity unless otherwise proven.

During the pendency of this case, however, Branch 66 of the Regional Trial Court of Makati City rendered a Decision in Civil Case No. 89-4672 entitled Linkman, Inc. vs. Allen & Miller Productions, Inc., A-Square Transport, Inc. and R & E Transport, Inc. dated March 23, 1992 ordering the cancellation of Letters Patent No. UM-6573 of herein respondent Linkman, Inc. A copy, of the said Court Decision was offered as an additional evidence by herein Petitioner. The Order of Cancellation of the said Patent was ordered in no less unequivocal terms, to wit:

The court said:

*"The Court observes that the mobile display ads of the plaintiff and defendant Allen and Miller are very similar with each other. Both are two-sided and placed at the roof of taxis and lighted at night, and are almost of the same size, construction, and their body are both made of plastic materials. Their differences, on the other hand, are minor ones. The mobile ads of the plaintiff are entirely made of plastic materials and their side ads are attached with screws, while the mobile ads of the defendants are also made mostly of plastic materials*

but their side ads are attached with aluminum frames. Another marked difference between them is on how to change or remove the side ads. The plaintiff's mobile ads has five (5) screws to detach the side ads, while that of the defendant has only one (1) screw and the side ads can be slided through their aluminum frames."

Furthermore:

"As may be seen from the finding of facts of the Court, plaintiff's application with the Bureau of Patents for the registration of subject mobile ad was filed on April 3, 1987, which application was approved on March 16, 1988. On the other hand, it likewise appears that even before the plaintiff had filed its application with the Bureau of Patents, defendant Allen and Miller had, as early as January 12, 1987, already entered into a contract with co-defendant R & E Transport, Inc. for the installation of the mobile ads on the roof of fifty (50) of said taxis."

"In fine, subject mobile ads of the plaintiff had been used or adopted even before the plaintiff had filed its application for registration on April 3, 1987. Such being the case, plaintiff's mobile ads cannot be considered something "new"; and for which reason it cannot be a subject of a valid registration with the Bureau of Patents Office. Accordingly, the registration of the subject mobile ads in the name of the plaintiff in the Bureau of Patents Office is fatally defective (*Vargas vs. Chua, 57 Phil. 207*) and thus may be declared by the Court in the exercise of its general jurisdiction as NULL AND VOID (*Maguan vs. Court of Appeals, 146 SCRA 107*).

WHEREFORE, under the foregoing premises and for lack of sufficient merit, the Complaint and Counterclaim are hereby ordered DISMISSED and that Letters Patent No. UM-6973, issued by the Bureau of Patents in favor of the plaintiff, is hereby declared NULL AND VOID."

Petitioner submitted a copy of the aforementioned Decision on September 8, 1992 and formally offered it as an additional and corroborative evidence. In its Manifestation, Petitioner stated therein:

"3. Considering the foregoing, the present Petition for Cancellation of Letters Patent No. UM-6573 should now be considered moot and academic and respondents' aforementioned patent cancelled."

In this regard, Section 46 of Republic Act No. 165 provides:

*"Sec. 46. Patent found invalid to be cancelled. — If the court shall find the patent or any claim thereof invalid, the Director shall, on certification of the final Judgment to the Office, issue an order cancelling the patent or the claims found invalid, and shall publish a notice thereof in the Official Gazette.*

Much as this Office submits to the same conclusion, it cannot, however, order the cancellation of said Letters Patent in the absence of the Certification that said Court Decision has already become final and executory in accordance with the above-quoted provision of Section 46 of the Patent Law.

IN VIEW OF THE FOREGOING CONSIDERATIONS and after this Office has made a detailed perusal of the parties' respective claims and defenses, this Petition for Cancellation filed by Allen & Miller A Productions, Inc. is DENIED.

Let the filewrapper of this case be forwarded to the Patents, Trademarks Registry and EDP Division for appropriate action in accordance with this Decision. Likewise, let a copy of this Decision be furnished the Mechanical and Electrical Division for information and update of its record.

SO ORDERED.

29 November 1997.

EMMA C. FRANCISCO  
Director