

ARTE CEBUANA, INC.,	}	IPC NO. 12-2006-00080
<i>Petitioner,</i>	}	Petition for Cancellation:
	}	U.M. Reg. No. 2-2003-000372
-versus-	}	Date Issued: July 28, 2004
	}	
TAMBULI FASHION AND HOME	}	Title: "AN IMPROVED
ACCESSORIES, INC.,	}	UPSTANDING DISPLAY
<i>Respondent-Registrant.</i>	}	ARTICLE"
x-----x	}	Decision No. 2008-189

## DECISION

This is a Petition filed on May 25, 2006 by ARTE CEBUANA, INC., a corporation duly organized and existing under the laws of the Republic of the Philippines with official business address at 2<sup>nd</sup> Floor PBMC Building, Labogon Road, Mandaue City 6014, Cebu, herein Petitioner, for the cancellation of Utility Model Reg. No. 2-2003-000372 for AN IMPROVED UPSTANDING DISPLAY ARTICLE issued on 28 July 2004 in favor of TAMBULI FASHION ACCESSORIES, INC., a corporation duly organized and existing under the laws of the Republic of the Philippines with principal address at Gethsemane, Casuntingan, Mandaue City, Cebu, herein Respondent-Registrant.

The facts of the case are as follows:

Utility Model Registration No. UM 2-2003-000372 ("Tambuli registration" for brevity), entitled "AN IMPROVED UPSTANDING DISPLAY ARTICLE" was issued on July 28, 2004 in favor of Rosemarie Pono and now in the name of Respondent-Registrant. However, before the issuance of Utility Model Registration No. UM 2-2003-000372, the IPO issued on July 1, 2002 Utility Registration No. UM 2-1999-000394 ("Delantar registration" for brevity), entitled "A SIMULATED NATURAL LOOKING STONE-CAST WITH AN EMBEDDED METALLIC SURFACE DESIGN COMPONENT" in favor of Pedro Delantar of Bacayan, Cebu City.

On April 21, 2003, the Delantar registration was assigned to Nature's Legacy Eximpport of Cogon, Compostela, Cebu. Subsequently, the assignment executed by Nature's Legacy Eximpport in favor of Tambuli Fashion and Home Accessories, Inc. was recorded in the IPO's Book of Assignments (Page No. 246 of Book No. II, Series of 2006) on March 3, 2006.

In August of 2005, while the Delantar registration was still in the name of Nature's Legacy Eximpport as assignee, the Respondent filed in Cebu City a civil case for infringement of patents, injunction and damages against the Petitioner. The civil case entitled: "Tambuli Fashion and Home Accessories, Inc. versus Mona Su Padilla, Rolf Kenneth Capacio, doing business under the name ARTE CEBUANA FURNISHING and ARTE CEBUANA, INC." ("IPR-021-CEB" for brevity) and is currently pending before Branch 11 of the Regional Trial Court, 7<sup>th</sup> Judicial Region Cebu City.

As a result of the civil case (IPR-021-CEB), which was based on the Tambuli registration, the counsel for petitioner examines the IPO files and records thereof and was then able to obtain a registrability report on the Tambuli Registration which showed the Delantar Registration as the most relevant prior art in determining the novelty of Tambuli registration.

In a Petition for Cancellation of the Tambuli registration filed before this Office on May 25, 2006, petitioner alleges that respondent's utility model does not qualify for registration as a utility model since it does not meet one of the indispensable requirements of registrability, which is newness or novelty, as prescribed in subsection 109.1 (a) in relation to subsection 109.4 (a) of the Intellectual Property Code of the Philippines (R.A. No. 8293).

Respondent, through counsel, in its Answer filed on September 6, 2006, specifically denied the allegations in the Petition for Cancellation stating its complete rights over Utility Model Registration No. UM 2-2003-000372 being new and patentable under the law.

Additionally, Respondent alleged in its affirmative defenses that the petitioner engaged in forum-shopping, that the registrability report does not prove the validity or invalidity of a utility model, the elements, functions and results, as well as the purpose, scope and technical solution of UM Reg. No. 2-1999-000394 are not identical nor equivalent to the registrant's utility model.

The main issues of the case are as follows:

1. Whether or not petitioner engaged in forum-shopping.
2. Whether or not subject UTILITY MODEL REGISTRATION NO. UM 2-2003-000372 should be cancelled, for not being new and/or patentable.

As to the issue of forum-shopping, this Office rules in the negative. Petitioner did not engage in forum-shopping. The elements of forum-shopping are:

1. Identity of the parties, or at least such parties as to represent the same interests in both actions;
2. Identity of rights asserted and the relief prayed for, the relief being founded on the same facts; and
3. Identity of the two preceding particulars, such that any judgment rendered in other action will amount to res judicata in the action under consideration or will constitute *litis pendentia*.

Based on the elements above stated, the petitioner did not engage in forum-shopping because the second element is absent. The second element is lacking because the relief prayed for in the Cebu Infringement case is different from the relief prayed for in this case.

The reliefs prayed for in the Cebu Infringement case are the following:

1. Deny the plaintiff's request for the issuance of a TRO and a writ of preliminary injunction during the pendency of this case;
2. Dismiss the case for lack of cause of action against defendants;
3. Grant defendant's counterclaim ordering the plaintiff to pay:
  - a. Two Hundred Thousand Pesos as moral damages
  - b. Two Hundred Thousand Pesos as exemplary damages
  - c. One Hundred Thousand Pesos as attorney's fees.
  - d. Fifty Thousand Pesos for litigation expenses.
  - e. Cost of suit.

While the relief prayed for by the petitioner in this case is for the cancellation of respondent's utility model, the reliefs prayed for in the Cebu Infringement case are as stated above, which is clearly different from the former. Therefore, the petitioner did not engage in forum-shopping.

As to the second issue of whether or not the Utility Model should be cancelled. This Office resolves in favor of the petitioner.

The applicable standard for utility model registration is set under the following provisions of R.A. 8293 or the Intellectual Property Code of the Philippines, which provides:

"Sec. 109. Special provisions Relating to Utility Models. –

109.1 (a) an invention qualifies for registration as a utility model if it is new and industrially applicable. xxx” (emphasis and underscoring ours)

In this regard, Section 108 of RA 8293 provides that “subject to Section 109, the provisions governing patents shall apply, mutatis mutandis, to the registration of utility models”. Hence, the standard of novelty established for patent shall also apply to utility model registration.

Likewise, Section 23 of RA 8293, states that an invention is “new” if it does not form part of a “prior art”.

The term “prior art” is defined in Section 24 of RA 8293:

“Section 24. Prior Art. – Prior art shall consist of:

24.1 Everything which has been made available to the public anywhere in the world, before the filing date or the priority date of the application claiming the invention; and

24.2 The whole contents of an application for a patent, utility model, or industrial design registration, published in accordance with this Act, filed or effective in the Philippines, with a filing or priority date that is earlier than the filing or priority date of the application:” xxx

Based on the foregoing provisions, any person who has a right to the utility model may register the same if it is new and industrially applicable. The law further exemplifies that a utility model cannot be considered new if it forms part of prior art.

The policy behind this is that an inventor is rewarded for his or her disclosure of the invention to the public with a right, for a limited time, to exclude others from making, offering for sale, selling, using and importing the claimed invention. This implies that an invention should be new, otherwise, the inventor would get a reward for telling us something we already know. An important aspect of the patent system therefore is the determination of novelty of an invention. If examination reveals that an invention is not novel, the patent application is rejected. And even if the patent is granted, it can still be cancelled if it is found that the invention wasn't novel after all.

The question posed before this Office: is Utility Model Registration No. UM 2-2003-000372 new or does it form part of prior art, specifically relating to or considering the existing registration, Utility Model Registration No. 2-1999-000394.

The answer is that the Utility Model Registration No. UM 2-2003-000372 is not new and it forms part of prior art.

Patent invalidity based on lack of novelty is often called “anticipation”. Anticipation is a patent law term of art that means disclosure in the prior art of something substantially identical to the claimed invention. To avoid anticipation and satisfy the novelty requirement, the degree of physical difference which must exist between that which is sought to be patented and the prior art need be only slightly. Any degree of physical difference, however slight, invalidates claims of anticipation.

A document or disclosure qualifies as prior art if it was made available to the public before the filing date or priority date of the application claiming the invention and that the document or disclosure is enabling.

To aid applicant in the determination of the validity of the utility model claims in respect to newness, the Intellectual Property Office through the Bureau of Patents issued Office Order 09

series of 2000 amending among others, Sec. 9, Rule 207.6 of the Rules and Regulation on Utility Model and Industrial design which provides as follows:

Section 9. Rule 207.6 is hereby amended to read as follows:

Rule 207.6. Registrability Report – The report shall contain citations of relevant prior art documents with appropriate indications as to their degree of relevance which will serve as an aid to the applicant in the determination of the validity of the utility model claim in respect to newness. The registrability report shall be given to the applicant within two months from receipt of request from the applicant.

The Registrability Report on subject Utility Model Registration No. UM 2-2003-000372 issued by the Bureau of Patents shows that the most relevant prior art to the subject utility model is Utility Registration No. UM 2-1999-000394.

Utility Registration No. UM 2-1999-000394, Delantar registration, was cited as prior art in the Registrability Report prepared by the Bureau of Patents. The report stated the following:

“It appears that the cited document (UM Reg. No. 2-1999-000394 by Delantar) is considered to be of particular relevance in determining the novelty of UM Reg. No. 2-2003-000372 (Tambuli Fashion Accessories). Attached herewith is a copy of Rule 207.6 of the IRR for UMID for your information and guidance,”

Petitioner’s expert witness, Mr. Joven Gertes, affirmed and confirmed that the Delantar registration issued on July 1, 2002 must be considered as prior art for being available before the Tambuli registration which was filed on August 14, 2003.

A comparison of the two utility models as discussed by both petitioner and respondent is shown below:

Petitioner in their Petition for Cancellation presented the following claim analysis:

CLAIM ANALYSIS (in outline form)

UM 2-2003-000372 (Tambuli Registration)	UM 2-1999-000394 (Delantar Registration)
1. “An improved upstanding display article comprising:	1. “A simulated natural-looking stone cast with an embedded metallic surface component comprising
A main body being defined by a monolithic stonecast ornate figure;	A main stonecast body
And at least one pre-castmeal component	That is provided with at least one pre-formed metallic piece
Being fixedly secured to said main body	Being embeddedly secured integrally on at last one of the surfaces thereof
To completely form said main body	Such that said metallic piece is being exposed on said surfaces thus accentuating the overall design appearance of said stonecast.

While the respondent, in their answer, enumerated the elements of the two utility models as stated below:

The main elements of the registrant’s utility model for an improved wall décor are as follows:

- a. a monolithic stone-cast base portion;
- b. a pre-cast metal component;
- c. the stone-cast and the metal components are combined in such a way that the metal component is “fixedly secured” to the stone-cast (but the metal component is not integral to the stone-cast component); and
- d. the metal component is a “composite part” of the ornate figure “to completely form said ornate figure” (and not merely to accent the stonecast component).

On the other hand, UM Reg. No. 2-1999-000394 has the following elements:

- a. a main stonecast component;
- b. A pre-formed metallic surface design component;
- c. The stonecast and the metal components are combined in such a way that the metal component is “embeddedly secured integrally on at least one of the surfaces” of the stonecast component;
- d. The metal component is “exposed” on the stonecast component’s surface; and
- e. The metal component’s function is “accentuating the overall design appearance” of the surface of the stonecast component.

By comparing the two utility models, it can be concluded that there are substantial similarities between the two. Both have:

1. a stone cast component
2. metal component

The respondent cannot hide on the argument that there is a difference in the function of the metal component, that in the Tambuli registration, the metal component is used to complete the utility model while in the Delantar registration, the metal component is used to accentuate the overall design appearance. Whether the metal component is used to complete or accentuate the design, there is no debate that without the metal component both utility models are incomplete. Without citing additional function of the metal component in the Tambuli registration, there is now a conclusive presumption in law that function of the metal component in the Tambuli registration is similar to the Delantar registration.

In the case of Pascual Godines vs. the CA et. al (G.R. No. 97343, 13 September 1993, 226 SCRA 338), it was ruled that;

“Recognizing that the logical fallback position of one in the place of defendant is to aver that his product is different from the patented one, courts have adopted the doctrine of equivalents which recognize that minor modifications in a patented invention are sufficient to put the item beyond the scope of literal infringement. Thus, according to this doctrine, “(a)n infringement also occurs when a device appropriates a prior invention by incorporating its innovative concept and albeit with some modification and change, performs substantially the same function in substantially the same result”. The reason for the doctrine of equivalents is that to permit the imitation of a patented invention which does not copy any literal detail would be controvert the protection of the patent grant into a hollow and useless thing. Such imitation would leave room for – indeed encourage – the unscrupulous copyist to make unimportant and insubstantial changes and substitutions in the paten which, though adding nothing, would be enough to take the copied matter outside the claim, and hence, outside the reach of the law.” (Emphasis supplied)

As stated by Mr. Joven Gertes in his Affidavit, the Tambuli registration was applied to be registered only on September 17, 2003 or more than a year after the Delantar registration was granted or issued on July 1, 2002. In a one-to-one correspondence, the Delantar registration meets all the elements of the claims issued to the Tambuli registration.

In view thereof, subject utility model should be cancelled for being contrary to the provisions of Sec. 109 and 109.4(a) in relation to Sec. 23 and 24 of Republic Act 8293 which provide as follows:

“Sec. 109. Special Provisions Relating to Utility Models. – 109.1  
(a) An invention qualified for registration as a utility model if it is new and industrially applicable.

109.4. In proceeding under Section 61 to 64, the utility model registration shall be cancelled on the following grounds:

- a. That the claimed invention does not qualify for registration as a utility model and does not meet the requirement of registrability, in particular having regard to Subsection 109.1 and Sections 22, 23, 24 and 27;

WHEREFORE, in view of all the foregoing, the Petition for Cancellation filed by Petitioner is hereby GRANTED. Consequently, Utility Model Registration No. UM 2-2003-000372 entitled “AN IMPROVED UPSTANDING DISPLAY ARTICLE” issued in favor of TAMBULI FASHION ACCESSORIES, INC. is hereby CANCELLED.

Let the filewrapper of “AN IMPROVED UPSTANDING DISPLAY ARTICLE” subject matter in this case be forwarded to the Bureau of Patents (BOP) for appropriate action in accordance with this DECISION.

SO ORDERED.

Makati City, 19 December 2008.

ESTRELLITA BELTRAN-ABELARDO  
Director, Bureau of Legal Affairs  
Intellectual Property Office