

DANILO T. BANAS, Petitioner,	}	INTER PARTES CASE No. 4163
	}	Petition for Cancellation
-versus-	}	Letters Patent No.: UM-7864
	}	Date Issued: 13 February 1995
	}	For: "BAG WITH BUILT IN-CART"
MICHAEL Y. KHO Mustang Industrial Corp. Respondent-Patentee.	}	Decision No. 2002 – 06
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DECISION

On April 21, 1995 a petition for cancellation of the above mentioned patent was filed by Danilo T. Banas, a Filipino citizen with postal address at 19 Yakal Street, Dona Manuela Subdivision, Las Piñas, Metro Manila believing that he will continue to be prejudiced and damaged by the grant of said Letters Patent UM-7864. The same was docketed as Inter Partes Case No. 4163.

Petitioner alleged the following grounds in his quest to cancel the subject patent, to wit:

- “a) The utility model of a BAG WITH BUILT-IN-CART, subject of Letters Patent no. UM-7864 is not new and therefore, not patentable under Section 55 of Republic Act no. 165, as amended;
- “b) Michael Y. Kho, to whom Letters Patent No. 7864 was issued, is not the first original, true and actual maker of the utility model covered by said patent, nor did he derive his right from the first original, true and actual maker of said utility model.
- “c) Letters Patent No. UM-7864 was obtained fraudulently and contrary to the existing policy of this Honorable Office.
- “d) The issuance of the subject Letters Patent MICHAEL Y. KHO and the continued exclusive use and enjoyment of the latter’s interest over the same by MUSTANG INDUSTRIAL TRADING CORPORATION has caused continue to cause damage and prejudice to the petitioner’s rights.”

In support of his petition, petitioner relied on the following facts:

- “a) Long before September 27, 1994, the utility model of BAG WITH BUILT-IN-CART has been publicly sold and publicly used in this country;
- “b) the utility model of a BAG WITH BUILT-IN-CART is identical or at least substantially similar to the BAG WITH BUILT-IN-CART sold by petitioner long before September 27, 1994;

- “c) Long before September 27, 1994, the utility model of a BAG WITH BUILT-IN-CART had been described and illustrated in publications circulated within the Philippines, samples of such publications are herewith attached as Annexes “A” to “A-17”;
- “d) MICHAEL Y. KHO is not the first, true and actual maker of the utility model of a BAG WITH BUILT-IN-CART, as the same utility model was already in existence, in public and commercial use long before he filed his application for patents on September 27, 1994;
- “e) MICHAEL Y, KHO did not derive his right to the utility model in question from the first original, true and actual maker of the first and original BAG WITH BUILT-IN-CART;
- “f) Letters Patent No. UM-7864 was issued on February 13, 1995 or less than five (5) months from the filing date (September 27, 1994) of the application therefore and in utter disregard of the existing policy of this Office regarding the order of examination of the pending patent application.
- “g) The issuance of the Letters Patent to MICHAEL Y. KHO and the latter’s assignment of the same to MUSTANG INDUSTRIAL TRADING CORPORATION by virtue of a Deed of Assignment executed on March 8, 1995 a copy of which is herewith attached as Annex “B”, had caused undue restrictions and limitations to the petitioner’s right to trade or sell the same products of products substantially identical to the said utility model. The undeserved right or privilege given to MICHAEL Y. KHO and his assignee MUSTANG INDUSTRIAL TRADING CORPORATION is contrary to the principle of free trade and fair competition.”

On May 26, 1995, a motion was filed by petitioner praying for the inclusion of Mustang Industrial Corporation as party respondent being the assignee of the patent under consideration. The same was granted through Order No. 95-363 directing further the new respondent to file its Answer within fifteen (15) days from receipt of said Order. Respondent-Patentee filed his Answer on August 9, 1995 interposing the following averments:

- “1. At the outset, the Petition for cancellation should be dismissed since Michael Y. Kho has assigned the mark to Mustang Industrial trading Corporation on March 8, 1995 as per Deed of Assignment recorded with the Bureau of Patents, Trademark and Technology Transfer;
- “2. Regarding the preparatory statement of the petition, the respondent has no knowledge about the personal circumstances of the petitioner, hence, the allegations contained therein are denied. The allegation in the preparatory statement that the petitioner will be prejudiced and damaged by the grant of the Letters Patent No. UM-7864 is denied for being false and misleading since there is nothing in the whole petition, which points to such damage or prejudice. There is even no allegation that the

Petitioner is a manufacturer, maker or inventor of the utility Model concerned.

- “3. The Respondent denies Paragraph No.1 (a) since the utility model in question is new;
- “4. Paragraph 1 (b) is denied since the respondent is the first original, true and actual maker of the Utility Model;
- “5. Paragraph 1 (c) is denied in view of the fact that Letters Patent No. UM-7864 was not obtained fraudulently nor was the grant thereof contrary to the existing policy of this Office. The requirements of the office were complied with in the registration of the Utility Model;
- “6. Paragraph No.2 (a) is denied since the respondent has no knowledge whether an identical product has been publicly sold and publicly used in this country;
- “7. Respondent has no knowledge whether the petitioner has sold identical or at least a substantially similar product, hence, the same is denied.
- “8. Respondent has no knowledge about the existence of the publications attached to the Petition, hence the allegations concerning the same are denied.
- “9. Paragraph No. 2-D and 2-E are denied being mere reiterations of previous allegations previously denied;
- “10. Paragraph 2-F is denied in view of the fact that the rules were duly complied with;
- “11. Being the registrant-assignee, the Respondent is the only entity which can manufacture and sell the product subject of the letters patent. The grant of a letters patent is not contrary to the principle of free trade and fair competition. The Petitioner has no right whatsoever to sell identical products, hence the allegations in paragraph 2 (g) are denied. Furthermore, there is no allegation whatsoever in the Petition that the Petitioner is the first original, true and actual maker of the Utility Model, hence, he can not be damaged nor prejudiced by granting of the Letters Patent to the Respondent. He has therefore no legal personality nor course of action against Respondent and the case should be dismissed.
- “12. Furthermore, in view of the fact that the Petitioner, is not claiming to be the first original, true and ACTUAL MAKER OF THE Utility Model and he alleges that he is selling the same, he cannot file this action on the basis of the principle of in pari delicto.”

Respondent-Assignee filed the required Answer on November 6, 1995. Said Answer contains substantially similar averments as that filed by respondent-patentee.

Petitioner proposed the following issues:

1. Whether or not the utility model of a BAG WITH BUILT-IN-CART was new as of September 27, 1994 when Michael Kho filed his application for patent;
2. Whether or not Michael Y. Kho is the first original, true and actual maker of the utility model subject of Letters Patent No. UM-7864; and
3. Whether or not the issuance of Letters Patent No. UM-7864 was done in accordance with the existing policy of this Office in the matter.

Respondent never interpose any issue except for the dismissal of the instant case on the ground of pari delicto.

The pre-trial was terminated on April 26, 1996. The parties not having arrived at any amicable settlement, trial on the merits ensued. On January 31, 1997 both parties requested for the suspension of the trial pending resolution of the case before the regular court involving the same subject matter.

At the hearing scheduled on June 5, 2001 wherein the parties were duly notified, only counsel for Petitioner appeared who formally offered his exhibits consisting of Exhibits "A" to "F" inclusive of its submarkings which were all certified copies of the original, copies of which were furnished to respondents who were directed to file its comment and/or objection relative to the exhibits of petitioner within fifteen (15) days from receipt, under Order 2001-287 dated June 7, 2001. Despite the lapse of the allotted period, said counsel never filed its comment nor any pleading relative thereto, prompting this Office to assume that said parties waived its right to file said comment and/or objection. Accordingly, the incident was deemed submitted for Resolution. Consequently, Exhibits "A" to "F" were all admitted in evidence for the Petitioner and this case was deemed submitted for decision on the basis of the evidence on record.

Exhibit "A" of Petitioner is a certified copy of the decision of the Regional Trial Court of Malabon, Metro Manila in Mustang Industrial Trading Corporation vs. Daniel Ngo Tee for infringement Court Case No. 2472 MN dated November 15, 1996.

The evidence submitted show that after trial on the merits, the Regional Trial Court of Malabon, Metro Manila, Branch 170 rendered the aforementioned decision, the dispositive portion of which is as follows:

"WHEREFORE, premises considered, xxx Letters Patent No. UM-7864 is hereby declared null and void and ordered cancelled." (Exh. "A")

The findings of the trial court based on the evidence record leads to the inescapable conclusion that the utility model embodied in Letters Patent No. UM-7864 lacks the requisite of novelty at the time the application for patent was filed.

The decision of the Regional Trial Court was the appealed to the Court of Appeals and after a thorough review of the case, it affirmed the decision of the trial court (Annex "A" of the motion). Not satisfied with said decision, petitioner (herein respondents) elevated the case to the Supreme Court by way of petition for review on certiorari which in turn, issued a Resolution dated October 23, 2000 denying petitioner's petition for review. (Annex "C").

It is a well-settled rule that a judgment becomes final and executory upon expiration of the period to appeal, Bataan Shipyard and Engineering Corporation vs. National Labor Relation Commission, 269 SCRA 9. Likewise, when a minute resolution attains finality it becomes the law of the case, Zebra Security agency and Allied Services vs. National Labor Relation Commission, 270 SCRA 380.

WHEREFORE, premises considered, the Motion is hereby GRANTED. Accordingly, the instant case is declared MOOT and ACADEMIC as UM-7864 subject matter of the instant case has been declared NULL and VOID and ordered CANCELLED per decision of the Regional Trial Court of Malabon, Metro Manila, Branch 170 in the case of Mustang Industrial Trading Corporation vs. Daniel Ngo Tee, Civil Case No. 2472-MN which was later appealed to the Court of Appeals and subsequently, to the Supreme Court under G.R. No. 144481 wherein Petitioner Mustang Industrial Trading Corporation's Motion for Reconsideration was denied with Finality under a Resolution of its Second Division dated March 14, 2001.

Let the filewrapper of UM-7864 subject matter of this case be forwarded to the Administrative, Financial Human Resource Development Service Bureau (AFHRDSB) for appropriate action in accordance with this Resolution, with a copy hereof be furnished the Bureau of Patents (BOP) for information and update of its records.

SO ORDERED.

Makati City, 28 February 2002.

ESTRELLITA BELTRAN-ABELARDO
Director, Bureau of Legal Affairs