

CARLOS J. CHIANPIAN, Petitioner,	}	Inter Partes Case No. 4168
	}	Petition for Cancellation of:
	}	
-versus-	}	Letters Patent No. : UM-7864
	}	Issued : 13 February 1995
MICHAEL KHO AND/OR	}	Title : "BAG WITH A
MUSTANG INDUSTRIAL CORP.	}	BUILT-IN-CART"
Respondent-Patentee	}	
And Respondent-Assignee	}	Decision No. 2003-08
X-----X		

## DECISION

Before this Office is Petition for Cancellation filed by CARLOS J. CHIANPIAN, a Filipino and a resident of No. 1149 F.M. Guerrero Street, Tondo, Manila, against the registration of utility model described or referred to as a BAG WITH A BUILT-IN CART subject of Letters Patent No. UM-7864 in favor of Respondent-Patentee, MICHAEL Y. KHO, Filipino and residing at No. 165 J.P. Bautista Street, Malabon, Metro Manila.

The grounds for cancellation of Letters Patent No. UM-7864 are as follows:

- "1. The utility model of a BAG WITH A 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.
- "2. Michael Y. Kho, to whom Letters Patent No. UM-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 rights from the first original, true and actual maker of said utility model
- "3. Letters Patent No. UM-7864 was obtained fraudulently and contrary to existing policy of this Honorable Office.

Petitioner relied on the following facts to support its contentions in this petition:

- "1. Long before September 27, 1994, the utility model of BAG WITH A BUILT-IN CART had been publicly sold and publicly used in the Philippines. The sellers, manufacturers and distributors of the utility model BAG WITH A BUILT-IN CART are either foreign and domestic.
- "2. The utility model of a BAG WITH A BUILT-IN CART is identical or at least substantially similar to the BAG WITH A BUILT-IN CART being sold by petitioner long before September 27, 1994.
- "3. Long before September 27, 1994, the utility model of a BAG WITH A BUILT-IN CART had been described, illustrated, demonstrated, advertised and promoted for sale in publications circulated within the Philippines.
- "4. MICHAEL Y. KHO is not the first true and actual maker of the utility model of a BAG WITH A 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.

- “5. MICHAEL Y. KHO did not derive his rights to the utility model in question from the first original, true and actual maker of the first and original BAG WITH A BUILT-IN CART.
- “6. Letters Patent No. UM-7864 was issued on February 13, 1995, or less than five (5) months from the filing dated September 27, 1994 of the application therefore and in utter disregard of the existing policy of this Honorable Office regarding the order of examination of pending patent application.

With Respondent-Patentee having assigned his rights and interest over the subject utility model to MUSTANG INDUSTRIAL TRADING CORPORATION on March 1995, Petitioner through Counsel, seeing the necessity thereof, filed on June 19, 1995 a motion to admit amended petition where it included as party respondent said assignee, MUSTANG INDUSTRIAL TRADING CORPORATION with the same business address as respondent Mr. MICHAEL KHO and interposed the following averments:

- “1. That the Respondent Michael Kho has alleged in his Answer dated 18 May 1995 that after obtaining the subject Letters Patent, he had assigned his whole interest therein to MUSTANG INDUSTRIAL TRADING CORPORATION in March 1995;
- “2. That by virtue of the said Assignment of Letters Patent to MUSTANG INDUSTRIAL TRADING CORPORATION, the latter has been the one exercising the rights and interests of making, using and selling the patented utility model for its own profit, for the purpose of commerce and industry, much to the damage and prejudice of the petitioner. Inasmuch as the issuance of the letters patent to Mr. Michael Kho had been highly irregular and violative of the express provisions of the Patent Law, the letters patent issued in his favor is therefore null and void. Consequently, the assignment of his interest to MUSTANG INDUSTRIAL TRADING CORPORATION is of no legal effect and the said assignee does not possess any right or interest better or higher than those of his assignor.
- “3. That there is a need to amend the petition for cancellation in order to include MUSTANG INDUSTRIAL TRADING CORPORATION as party respondent. The reason being that the inclusion of MUSTANG INDUSTRIAL TRADING CORPORATION is indispensable and necessary to a complete determination or settlement of the questions involved in the cancellation proceedings and in order that complete relief may be accorded to those already parties. Herewith attached as Annex “A” of this Motion to Admit Amended Petition is the Amended Petition for Cancellation with the amendments therein indicated by being underscored.

This Office in an Order issued date March 11, 1996 admitted the aforecited motion to include MUSTANG INDUSTRIAL TRADING CORPORATION as party Respondent.

In its Answer, Respondent-Patentee raised the following defenses to defeat the petition and support its registration:

- “A. At the outset, the Petition for Cancellation should be dismissed with regards to Michael Kho since Michael Y. Kho has assigned the mark to Mustang Industrial Trading Corporation on March 8, 1995 per a Deed of Assignment recorded with the Bureau of Patents, Trademark and Technology Transfer;
- “B. Regarding the preparatory statement of the petition, the Respondents have 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.
- “C. The Respondent denied Paragraph No. 1 (a) since the Utility Model in question is new;
- “D. Paragraph 1 (b) is denied since the Respondent is the first original, true and actual maker of the Utility Model;
- “E. Paragraph No. 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 this Office were complied with in the registration of the Utility Model;
- “F. 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;
- “G. Respondent has no knowledge whether the petitioner has sold identical or at least substantially similar product, hence paragraph 2 (b) is denied;
- “H. Respondent has no knowledge about the existence of the publications attached to the Petition, hence the allegations concerning the same are denied;
- “I. Paragraph No. 2-D and 2-E are denied being mere reiterations of previous allegations previously denied;
- “J. Paragraph 2-F is denied in view of the fact that the rules were duly complied with;
- “K. 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 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 Letters Patents to the

Respondent. He has therefore no legal personality nor course of action against Respondent and the case should be dismissed.

- “L. 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 it is selling the same, he can not file this action on the basis of the principle of in pari delicto.

After the issues have been joined, the case was set for Pre-Trial Conference on August 29, 1996 where the parties submitted their respective Pre-Trial Briefs. The Petitioner submitted the following issues for resolution by this Honorable Office:

1. Whether or not Letters Patent No. UM 7864 should be cancelled on the grounds that (a) the respondent MICHAEL Y. KHO is not the first true and original maker of the BAG WITH BUILT-IN CART, (b) the utility model BAG WITH BUILT-IN CART is not new and patentable and (c) the letters-patent were issued irregularly or in disregard of the existing policy of this Honorable Office.
2. Whether or not the assignment of the Letters Patent to MUSTANG INDUSTRIAL CORPORATION by MICHAEL KHO should also be declared of no legal effect whatsoever,

On the other hand Respondent/s simplified the issues and recommended that the case be dismissed on the ground that Respondent is not the proper party and that the petitioner is in pari delicto.

While the case was set for trial on the merits, the parties requested for suspension of the proceedings to give them time so settle the case amicably. While this development was in progress, a Decision was rendered by the Regional Trial Court (Branch 170) of Malabon, Metro Manila in an infringement case with damages filed by herein Respondent, MUSTANG INDUSTRIAL TRADING CORPORATION, against one Daniel Ngo Tee docketed as Civil Case No. 56195, which provides in part, to wit:

x x x

“Letters Patent No. Um-7864 is hereby declared null and Void, and ordered cancelled.”

x x x

The issue in the case at bar hinges on the requisite of novelty when the application for the registration of the said patent was filed. The failure of herein Respondent to satisfy this one significant ingredient has caused the cancellation of its Letters Patent No. UM-7864.

With this at hand, Respondent filed with this Office a motion to hold the instant administrative case in abeyance citing the fact that there is a pending civil action before the Court of Appeals with the same issue/s awaiting resolution, the query in point revolves on the validity of the registration issued in favor of Respondent registrant. However, this Office in an order issued denied Respondent-Patentee's motion to hold said case in abeyance, and ruled that the doctrine of prejudicial question was inapplicable inasmuch as no criminal action is involved and that herein Petitioner is not a party to the case before the Court of Appeals.

The case was again elevated to the Supreme Court by way of a petition for review on certiorari and in a resolution issued by its Second Division dated October 23,

2000, the said high court denied the petition with finality. Upon receipt of the said resolution, Petitioner filed with this Office a Manifestation praying that in light of the decision rendered by the highest court of the land dismissing the petition of herein respondent and affirming the decision of the Regional Trial Court of Malabon, Metro Manila, that the petition for the cancellation of respondent-patentee's certificate of registration for utility model entitled BAG WITH A BUILT IN CART under Letters Patent No. UM-7864 be granted.

WHEREFORE, considering that 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, elevated to the Court of Appeals and to the Supreme Court which denied the petition for certiorari with finally, the Petition for Cancellation filed by herein Petitioner Carlos J. Chianpian is, as it is hereby GRANTED. Accordingly, Letters Patent UM-7864 is hereby ordered CANCELLED.

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

SO ORDERED.

Makati City, 18 February 2003.

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