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| REGINA P. CORTEZ and/or | } | IPC No. 12-2001-00055 |
| SILVER SPIRIT PLASTICS INC., | } | Petition for Cancellation: |
| Petitioner, | } | |
| -versus- | } | U.M. Reg. No. 2-1998-00428 |
| | } | Issued : 23 December 1999 |
| SOON WEON SEO, | } | Title: "PLASTIC PURIFYING |
| Respondent-Patentee. } | } | SEPTIC TANK VAULT" |
| x-----x | | Decision No. 2004 – 04 |

DECISION

Before this Office is a Petition for Cancellation filed by REGINA P. CORTEZ and /or SILVER SPIRIT PLASTICS INC., a corporation duly organized and existing in accordance with the laws of the Republic of the Philippines, with principal office address at Esguerra Street, Longos, Pulilan, Bulacan, against the registration of the Utility Model entitled "PLASTIC PURIFYING SEPTIC TANK VAULT" with U.M. Reg. No. 2-1998-00428 issued on 23 December 1999 in the name of herein Respondent, SOON WEON SEO.

The grounds for the cancellation of the registration of utility model entitled "PLASTIC PURIFYING SEPTIC TANK VAULT" are as follows:

- "1. Respondent Soon Weon Seo is not a citizen of the Philippines. Respondent Soon Weon Seo is merely a perennial tourist in the Philippines.
- "2. The Utility Model and Industrial Design involve old and not new works and cannot be the subject matter of the registration. Copies of Tax Declaration No. 97-19010-01106 (for Melting Machines) and Tax Declaration No. 97-19010-01107 (for Hydraulic Press Machines) in the name of petitioner Silver Spirit Plastics, Inc. are marked and attached hereto as Annex D and Annex E of this Petition.
- "3. Respondent Soon Weon Seo apparently is not the first original and true author of the works covered by the registration.
- "4. Respondent Soon Weon Seo evidently secured fraudulently and contrary to laws and rules the said copyrights.
- "5. The works by the registration issued to Respondent Soon Weon Seo originated from foreign countries especially from Korea.
- "6. The supposed assignments of the copyrights in favor of the Respondent Soon Weon Seo are null and void.

A Notice to Answer dated December 12, 2001 was sent to Respondent-Patentee SOON WEON SEO at Dampol I St. Pulilan, Bulacan. Respondent-Patentee through Counsel filed his Answer on January 30, 2002 and interposed the following ADMISSIONS AND DENIALS:

- "1. He specifically denies the first sentence of paragraph 1 regarding the personal circumstance of Regina P. Cortez for lack of knowledge or information sufficient to form a belief as to the truth thereof; but he admits the second sentence of paragraph 1;
- "2. He admits paragraphs 2 and 3 of the petition;

- “3. He specifically denies the allegations in paragraphs 4 – (a), (d), (e) and (f) of lack of knowledge or information sufficient to form a belief as to the truth thereof and for being immaterial and irrelevant to the instant petition;
- “4. He specifically denies the allegation in paragraph 4 – (b) and (c) of the petition for being conclusions of fact and law; the truth of the matter are contained in the special and affirmative defenses set forth below;

And by way of SPECIAL AND AFFIRMATIVE DEFENSES, Respondent-Patentee interposed the following:

- “5. He repleads all the allegations in paragraph 1 to 4, hereinbefore;
- “6. The subject Utility Model Registration was issued after this Honorable Office conducted a merit examination. Finding the invention to be new and hence registrable, this Honorable Office, issued the corresponding Certificate of Registration. Thus, the sweeping and baseless allegations of the petitioner – Regina Cortez on paragraphs 4 – (b) and (c) have no legal basis and are therefore belied;
- “7. The mere attachment of a photocopy of a tax declaration is not sufficient proof to assert that the subject registration is not “new”. The alleged tax declaration in the name of Silver Spirit Plastics Corporation cannot be given weight considering that the petition was not verified by an officer of the corporation as required under the rules. Hence, the dismissal of the petition, as regards Silver Spirit Plastics Corporation is inevitable.
- “8. The rule is very clear, the petition must be verified by the petitioner who knows the facts upon which the petition is based. This requirement may have been met in so far as Regina Cortez is concerned, as she certified the petition in her individual capacity. Silver Spirit Plastics Corporation, as an alternative petitioner, was not able to verify the petition, hence the petition in so far as this corporation is concerned must be dismissed.

The issues having been joined, the case was set for Pre-Trial Conference on April 03, 2003 wherein the parties submitted their respective Pre-Trial Brief. Failing to reach an amicable settlement, trial on the merits proceeded.

Admitted in evidence for the Petitioner based on the records are Exhibits “A” to “H” inclusive of sub-markings which consisted, among others, of Utility Model Registration No. 2-1998-00428 entitled “A PLASTIC PURIFYING SEPTIC VAULT” issued by the Intellectual Property Office on December 23, 1999 and the Certificate of Copyright Registration and Deposit in the name of Silver Spirit Plastic, Inc. for Plastic Purifying Septic Tank issued by the National Library on January 30, 2002.

Expunged from the record is Respondent’s testimony for his failure to appear on the scheduled hearing for the continuation of his direct examination. For failure of Respondent to present further evidence on scheduled hearings, this Office in Resolution No. 2003-10 has declared Respondent-Patentee to have waived his right to present evidence.

The issues to be resolved in this particular case are as follows:

1. WHETHER OR NOT RESPONDENT WHO IS NOT A CITIZEN OF THE PHILIPPINES CAN APPLY FOR AND OBTAIN A UTILITY MODEL REGISTRATION;

2. WHETHER OR NOT THE INSTANT PETITION SHOULD BE DISMISSED FOR FAILURE OF THE PETITIONER CORPORATION TO COMPLY WITH THE PROCEDURAL REQUIREMENT;
3. WHETHER OR NOT THE SUBJECT UTILITY MODEL IS NEW OR ORIGINAL; AND
4. WHETHER OR NOT RESPONDENT-PATENTEE IS THE TRUE, ORIGINAL AND ACTUAL MAKER OF THE PATENTED UTILITY MODEL.

As to the claim of Petitioners that Respondent SOON WEON SEO is not a citizen of the Philippines but a Korean National and merely a perennial tourist in the Philippines and considering that he was not issued an Alien Employment Permit (AEP) (Exhibit "C" for the Petitioners), he is therefore not qualified to apply for patent in the country.

Existing in the records is the declaration of Petitioner's counsel, Atty. Tansinsin, in the hearing on July 17, 2002 to the effect that:

"Atty. Tansinsiin : You claim that you been a president of CWB Plastic Corporation from 1994 up to the present. Will you please tell us if you will agree with me that from 1994 up to year 2000 you were a mere tourist?"

"Witness : It is complaint holding my night visa.

"Atty. Nievaes : Your honor, I would like to know the relevancy of that question. What is the relationship of that question with respect to this case, your honor.

"Atty. Tansinsin : Your honor, the position of that he is not president, Korean National. He is a mere tourist even a Korea, your honor, a tourist cannot apply for patent owner specially even Philippines your honor a tourist cannot apply for patent. So, there is no basis for application for the patent on this case.

Contrary to the contentions of Petitioner, citizenship is not a requirement before an applicant can apply for registration of a utility model. Any person who made an invention, utility model or industrial design irrespective of citizenship can apply for a patent, utility model or industrial design registration. However, if the applicant is a non-resident, Section 33 of R.A. 8293 apply:

"Section 33. *Appointment of Agent or Representative.* – An applicant who is not a resident of the Philippines must appoint and maintain a resident of the Philippines upon whom notice or process for judicial or administrative procedure relating to the application for patent or the patent may be observed."

On the issue raised by Respondent-Patentee that the petition was not verified by the suing corporation, Silver Spirit Plastic Inc. and therefore, the petition in so far as said corporation is concerned should be dismissed outright. Petitioner Regina P. Cortez is the acting President of the said corporation by virtue of Board Resolution No. 02-003 executed on March 02, 2002, hence is authorized to use the name of the corporation in filing a case of such nature. The fact that subsequently the said corporation appointed in a board resolution Petitioner Regina P.

Cortez as its authorized representative in the pre-trial and subsequent hearings of the case cured the technical defect of showing authority to institute the present action. In *Novelty Philippines, Inc. vs. C.A., G.R. No. 146125*, September 17, 2003, the Court resolved to remand the case for further proceedings on the merits when it ruled that:

“With more reason should we allow the instant petition since petitioner herein did submit a certification on non-forum shopping, failing only to show proof that the signatory was authorized to do so. That petitioner subsequently submitted a secretary’s certificate attesting that Balbin was authorized to file an action on behalf of petitioner likewise mitigates this oversight x x x Litigants should have the amplest opportunity for a proper and just disposition of their cause-free, as much as possible, from the constraints of procedural technicalities.”

As to the issue of whether or not the subject utility model is new or original, it is fundamental under patent law that the subject Utility Model should possess at the time of its application for registration the criterion of novelty. Considering that the application and registration of the Utility Model subject of this petition was filed in September 1998 or during the effectivity of the R.A. 8293, this Office shall resolve the issue of novelty under said new law. The applicable provision of Section 109.4 provides:

“Section 109.4. In proceedings 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 requirements of registrability, in particular having regard to Subsection 109.1 and Sections 22, 23, 24 and 27;
- (b) That the description and the claims do not comply with the prescribed requirements;
- (c) That any drawing which is necessary for understanding of the invention has not been furnished;
- (d) That the owner of the utility model registration is not the inventor or his successor in title.”

Section 109.1, in turn, provides:

“Section 109.1. *Special provision Relating to Utility Models* – 109.1(a) An invention qualifies for registration as a utility model if it is new and industrially applicable.

(b)Section 21, “Patentable Inventions”, shall apply except the reference to inventive step as a condition for protection.”

While Section 32 and 24 provide:

“Sec. 23. *Novelty* – An invention shall not be considered new if it forms part of a prior art.

“Sec. 24. *Prior Art* – 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.”

Petitioner alleged that Respondent-Patentee’s Utility Model lacked the element of novelty as the Melting and Hydraulic Press machines owned by petitioner corporation and declared as assets in its Tax Declaration No. 97-19010-01106 (Exhibit “D” for the Petitioner) and No. 97-10010-01107 (Exhibit “E” for the Petitioner) for the year 1997 already produced the same utility

model specifically the plastic purifying septic tank vault. Moreover, Petitioner, Regina P. Cortez in her direct examination on May 14, 2002 testified as follows:

- “Atty. Tansinsin : Aside from being the acting president of Petitioner, Silver Spirirts Plastic Incorporated, with what company did you been connected before?
- “Witness : 1996, I was working under CWB Plastic Corporation.
- “Atty. Tansinsin : Where is that CWB Plastic Corporation holding its office or have its factory at that time?
- “Witness : Before it was I think, they are only leasing the land and building of the Silver Spirirts Plastic.
- “Atty. Tansinsin : Now, will you please tell us what is your position in that said corporation?
- “Witness : In CWB?
- “Atty. Tansinsin : Yes.
- “Witness : I am the General Affair Officer of CWB Plastic Corporation.
- “Atty. Tansinsin : And as General Affairs Officer of the CWB Plastic Corporation, will you please tell us what products among others was CWB Plastic Corporation producing?
- “Witness : We are producing the fishing box, 50 liters round banera including the purifying septic tank.
- “Atty. Tansinsin : Now that was in 1996?
- “Witness : Yes.
- “Atty. Tansinsin : With respect to this purifying septic tank, will you please tell us if at the time that CWB Plastic Corporation was producing these septic tanks, whether or not it has any Utility Model, 1996? Meron ba o wala?
- “Witness : Yes, Sir.
- “Atty. Tansinsin : The Utility Model of this Mr. Soon Weon Soo was issued on December 18, 1998, before December 18, 1998, will you please tell us who applied for the registration of the Utility Model?
- “Witness : Before it was CWB. Now I've already found out that its Soon Weon Soo.

“Atty. Tansinsin : According to you, CWB Plastic Incorporated applied for Utility Model of the septic tank, will you please tell us, how about the Industrial Design, before December 18, 1998, who applied for the Industrial Design of the septic tank?

“Witness : It was CWB Plastic Inc. (TSN, pp. 13-15 May 14, 2002)

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“Atty. Tansinsin : I am showing to you this Tax Declaration No. 97-10010-01106, already marked as Exhibit D, will you please tell us, what are these machines for?

“Witness : This is the melting machine that we use for Silver Spirit, this is Tax Declaration.

“Atty. Tansinsin : No, you said that these are melting machines that you use in connection with the said septic tank, what are the use of these melting machines?

“Witness : This is the one we use before we mold to make septic tank, to produce septic tank.

“Atty. Tansinsin : Another one is Tax Declaration No. 97-1900-01107, which are Hydraulic Press Machine, two sets with accessories, will you please tell us, what are the sue of these Hydraulic Machines with respect to this septic tank?

“Witness : We use this one to produce plastic purifiers and septic tank. (TSN, pp. 23-24, May 14, 2002, Underscoring Supplied).

It must be emphasized at this point that for a utility model to be novel and therefore registrable, the same must not be made available to the public before the filing date of the application therefrom. As can be gleaned from the record and petitioner’s testimony, Petitioner started operating both machines to produce the subject utility model even before 1997 as the machines were part of the assets declared in suing corporation’s tax declarations in 1997.

The foregoing un rebutted testimony proved the lack of novelty of the subject utility model at the time Respondent applied for registration with the Intellectual Property Office on September 1998 and that the product or articles, specifically plastic purifying septic tank, had been existing for more tan two (2) years before the filing of the application for registration of the subject utility model by CWB Plastic Corporation, where Petitioner Cortez acted as the General Affairs Officer. Moreover, the existence of said machines was further established by Exhibits “D” and “E” which are the Tax Declaration Nos. 97-19010-01106 and 97-10010-01107 of the melting and hydraulic machines producing the plastic purifying septic tank declared as part of the assets of Silver Spirit Plastics, Inc. for the year 1997.

Petitioners questioned the validity of the utility model on the ground that Respondent SOON WEON SEO is not the first, original and true author of the work covered by the registration, it should be noted that the application and registration itself (Exhibit “F” for the

Petitioner), bears the name of respondent as the *maker* of the utility model. The original applicant is CWB Plastic Corporation and Respondent-Patentee was the elected President of the said corporation. Subsequently, said corporation by assignment transferred its rights over the subject utility model to the maker, SOON WEON SEO. The submission of the deed of assignment, contrary to what Petitioner was claiming, was properly documented by the Intellectual Property Office because in the registration itself, Respondent's name appeared as the applicant with the notation: BY MESNE ASSIGNMENT. Sec. 106 of R.A. 8293 provides:

“Sec. 106. *Recording.* – 106.1 The Office shall record assignments, licenses and other instruments relating to the transmission of any right, title or interest in and to inventions, and patents or application for patents or inventions to which they relate, which are presented in due form to the Office for registration, in books and records kept for the purpose. The original documents together with a signed duplicate thereof shall be filed, and the contents thereof should be kept confidential. If the original is not available, an authenticated copy thereof in duplicate, return the original or the authenticated copy to the party who filed the same and notice of the recording shall be published in the IPO Gazette.”

Considering however, that as previously discussed, there are evidence to show that subject utility model is no longer novel at the time it was applied for registration by herein Respondent-Patentee, the issue of whether or not Respondent-Patentee is the first, original and true author of the utility model becomes immaterial.

In view of the foregoing premises and the fact that the subject utility model is not new and therefore, not registrable, this Office resolves the instant case in favor of herein Petitioners.

WHEREFORE, the Petition or Cancellation is hereby GRANTED. Accordingly, Utility Model Registration No. 2-1998-000428 for PLASTIC PURIFYING SEPTIC TANK VAULT issued in favor of Respondent-Patentee, SOON WEON SEO, is hereby CANCELLED.

Let the filewrapper of utility model subject matter of this case be forwarded to the Administrative, Financial Human Resource Development Service Bureau for appropriate action in accordance with this DECISION with a copy furnished the Bureau of Patents for information and to update its record.

SO ORDERED.

Makati City, March 25, 2004.

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