

JAKE BROS., INC.,	}	Inter Partes Case No. 4168
Petitioner,	}	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. 2003-09
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DECISION

Before this Office is Petition for Cancellation filed by JAKE BROS., INC. , a corporation organized and existing under Philippine laws with postal address at Suite 1102 Galleria Corporate Center, Edsa corner Ortigas Avenue, 1100 Quezon City, Metro Manila, Philippines, 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.

Petitioner filed this instant Petition for Cancellation anchoring on the ground that subject utility model, BAG WITH A BUILT-IN-CART, can not be deemed as new pursuant to the provision of Section 55 of Republic Act No. 165, as amended. Likewise assailed is Respondent's right to register the subject utility model, Respondent-Patentee not being the true and actual inventor, designer or author of Utility Model No. 7864.

The antecedent facts which Petitioner relied upon to support its contentions in this petition were summarized 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.

The utility model subject of this petition for cancellation has long been in existence prior to herein respondent-patentee applied for its registration with the Bureau of Patents, Trademarks and Technology Transfer. As early as November 1994, herein petitioner has been marketing a similar product. In fact, not only was the petitioner marketing the same, many other manufacturers and distributors, both domestic and foreign, have freely manufactured and marketed a similar BAG WITH BUILT-IN-CART. Thus, for herein respondent-patentee to appropriate and register the same as his own clearly indicates respondent-patentee's bad faith in promoting his self interests.

Moreover, similar models of the subject utility mode have long been published in various magazines.

Not being in conformity with both the Patent law and the Rules of Practice in Patent Practice, the Letters Patent granted for BAG WITH BUILT-IN-CART must be cancelled.

- "2. Respondent-Patentee is not the true and actual inventor, designer or author of the utility model. Section 28 © of R.A. No. 165, as

amended by R.A. 864 also provides for another ground for cancellation. The implementing rule for this provision is found in Rule 248 of the Rules of Practice in Patent Cases.

The BAG WITH BUILT-IN-CART has long been circulated in both domestic and foreign markets for a considerable length of time. This can be seen from the various publications and advertisements, both domestic and foreign. Mr. Michael Y. Kho is not the original, true and actual inventor, designer or maker of the utility model. Being so, herein respondent-patentee's Letters Patent for the utility model must now be cancelled for having been issued contrary to law."

Notice of Answer was sent to Respondent-Patentee on June 13, 1995 for which an extension of fifteen (15) days from 28 June 1995 or until 13 July 1995 within which to file an Answer was requested and granted per Order issued by then Bureau of Patents, Trademark and Technology Transfer (BPTTT) dated 10 July 1995.

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

- "A. 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 manufacturer, maker or inventor of the Utility Model concerned;
- "B. The Respondent denies the first ground relied upon by the Petitioner since the Utility Model in question is new. The Respondents admit the laws on the subject matter but the application of the laws mentioned to the case of the respondents is improper;
- "C. The Respondents have no knowledge regarding the purported publications, hence the same are denied;
- "D. The second ground relied upon by the Petitioner is denied for the reason that Michael Kho is the first, true and original inventor of the utility model in question;
- "E. Respondent has no knowledge whether the Petitioner has sold identical or at least a substantially similar product;
- "F. There is no allegation whatsoever on the Petition that the Petitioner is the first original, true and actual maker of the utility Model, hence it 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.
- "G. 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 it alleges that it is selling the same, it can not file this action on the basis of the principle of in pari delicto;

On 24 July 1995, Petitioner filed its Reply to refute certain allegations made in the subject Answer and interposed the following by way of defense:

- “3. “Petitioner is amused at Respondent’s statements questioning Petitioner’s personality to bring this Inter Partes case x x x. Petitioner JAKE BROS. is the exclusive distributor for the whole Philippines of ECHOLAC bags and luggage. Petitioner has been marketing bags of similar utility prior to herein Respondent Michael Kho’s application for registration in September 1994. As a matter of fact, it continues to distribute the same to big department stores like Shoemart. This being the case, Petitioner certainly stands to be prejudiced by Respondent’s unlawful and impermissible “authorship” of the utility model BAG WITH BUILT-IN-CART, which prior to Respondent Michael Kho’s application, has long been known and used in the Philippine market.
- “4. “Respondents’ argument that Petitioner cannot file this action on the basis of the principle of pari delicto is not only inapplicable and irrelevant but also amounts to an admission. Petitioner did not claim, nor does it claim and certainly will not claim to be the first, the original, the true and the actual maker of the Utility Model. First of all, Petitioner is not in the business of manufacturing bags. It merely distributes the same. Secondly, Petitioner, like any other honest and decent entities engaged in the same line of business know for a fact, that the authorship of bag with built in cart belong to certain international entity but certainly not to herein Respondents who purport to be the first, original, true and actual makers of the questioned utility model. Petitioner in filing this inter partes case merely want to level the playing field as it believes that no local manufacturer is entitled to appropriate the questioned utility model as its own creation.

On the premise of not being the first, original, true and actual makers and the fact that Petitioner sells a similar product, Respondents claim that Petitioner cannot file this case on the principle of pari delicto.

The use of the principle of pari delicto in this particular inter partes case is not only inappropriate but also strange. First of all the principle of pari delicto is a civil law concept which finds its basis in Articles 1411 and 1412 of the New Civil Code under the Chapter on Void and Inexistent Contracts. Since there exists no contractual relations between Petitioner and Respondents, the latter’s application of this principle is absurd, to say the least.

Granting arguendo, that the principle does apply, such a statement only strengthens the fact that Respondents are not the authors of the questioned utility model. Literally translated, pari delicto means equally at fault. Since Respondents claim the application of the pari delicto rule, it amounts to an admission that Respondents are likewise not the first, original, true and actual makers of the Utility Model.

After the issues have been joined, the case was set for Pre-Trial Conference. The parties requested for suspension of the hearings to give them time to 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. 2472-M, 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 said civil case filed with the Regional Trial Court of Malabon, Branch 170 hinges on the requisite of novelty pursuant to Sections 45 and 55 of Republic Act No. 165. The failure of herein Respondent to satisfy this one significant ingredient when the application for the registration of the said patent was filed has caused the cancellation of its Letters Patent No. UM-7864.

The case was elevated to the Court of Appeals and finally 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, through Counsel, filed on July 06, 2001, a Manifestation and Motion to Adopt Decision praying that in the petition for review on certiorari of herein respondent and affirming the decision of the Regional Trial Court of Malabon, Metro Manila, that this Honorable Office takes judicial cognizance of such official act, adopt the decision rendered in the said case and consequently, Letters Patent No. UM-7864 for utility model entitled BAG WITH BUILT-IN-CART be cancelled.

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 January 2003.

*ESTRELLITA BELTRAN-ABELARDO*  
Director, Bureau of Legal Affairs