



OFFICE OF THE DIRECTOR GENERAL

RICHARD T. LIM AND/OR
GRACE UY LIM,
Respondents-Appellants,

Appeal No. 10-08-01

IPV No. 10-2004-00010

- versus -

JUI CHAN ENTERPRISE CO.,
LTD. represented by EASTON
ENTERPRISES CO., INC.,
Complainant-Appellee.

For: False or Fraudulent
Declaration or
Representation,
Unfair Competition,
and Damages

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DECISION

RICHARD T. LIM AND/ OR GRACE UY LIM (“Appellants”) appeal Decision No. 2007-14 dated 28 November 2007 of the Director of the Bureau of Legal Affairs (“Director”), finding them liable for false and fraudulent declaration in procuring the registration of the mark “**JEC**” and for unfair competition. The Director enjoined them from using the mark **JEC** and ordered them to pay JUI CHAN ENTERPRISE CO., LTD. represented by EASTON ENTERPRISES CO., INC. (“Appellee”) damages and attorney’s fees.

Records show that the Appellee filed on 28 July 2004 a “COMPLAINT” against the Appellants alleging the following:

1. The Appellants falsely and fraudulently claimed to be the owners of the mark **JEC** when they filed and prosecuted Trademark Application No. 4-2001-002337, thereby, causing damage to the intellectual property rights of the Appellee to its mark **JEC**;
2. By falsely and fraudulently declaring or representing in their trademark application that they are the owners and actual users of the mark **JEC** despite knowledge that said mark is owned and actually used by the Appellee in its business, the Appellants also committed unfair competition;
3. Having falsely and fraudulently applied and/or procured the registration of the mark **JEC** in their favor and by using said mark for the same kinds or classes of goods being manufactured and sold by the Appellee without the consent and authority of the Appellee

who owns the mark **JEC** and the goodwill arising from the continued use thereof, the Appellants should be permanently enjoined from repeating such fraudulent and unlawful acts;

4. Due to their acts, the Appellee is entitled to actual damages in the form of unrealized profits, the amount of which may be based on reasonable percentage of the gross sales of the Appellants but in no case less than P1,000,000.00;
5. The Appellants are liable to pay the Appellee exemplary damages of at least P1,000,000.00, attorney's fees in the amount of at least P200,000.00, and litigation expenses as may be proved should be assessed the Appellants.

The Appellee submitted the following evidence to support its position:

1. Affidavits of Samuel Chan executed on 29 October 2004 and 23 November 2005;¹
2. Carton boxes of **JEC** Light Coil and Primary Coil manufactured by the Appellee and distributed in the Philippines by Easton Enterprises Co., Inc.;²
3. Carton boxes of **JEC** Light Coil and Starting Coil being distributed by the Appellants;³
4. Official Receipt No. 53212 of Alson's Trading;⁴
5. Cash Invoice No. 41377 of MRS Motorcycle Parts and Accessories General Merchandise;⁵
6. Secretary's Certificate executed by Chen, Chin-Jung on 12 July 2004;⁶
7. Taiwanese Trademark Registration Certificate No. 00435515 for the mark **JEC**;⁷
8. Affidavit of Fang, Kuo-Ming executed on 23 July 2004;⁸
9. Computer printout of the Appellants' trademark application for the mark **JEC**;⁹
10. Letter of the Appellee's counsel to the Appellants dated 20 July 2004;¹⁰
11. Copy of the Articles of Incorporation of Easton Enterprises Co., Inc.;¹¹
12. Certification issued by The National Library on 25 April 2005;¹²

¹ Exhibits "A" and "A-1".

² Exhibits "B" and "C".

³ Exhibits "D" and "E".

⁴ Exhibit "D-1".

⁵ Exhibit "E-1".

⁶ Exhibits "F" and "G", inclusive of sub-markings.

⁷ Exhibit "H", inclusive of sub-markings.

⁸ Exhibit "I".

⁹ Exhibit "J".

¹⁰ Exhibit "K".

¹¹ Exhibit "L".

¹² Exhibit "M".

13. Assignment of copyright executed by Easton Enterprises Co., Inc. in favor of the Appellee on 21 April 2005;¹³
14. Copy of the Certificate of Registration issued in favor of Easton Enterprises Co., Inc. on 03 October 1996;¹⁴
15. Commercial documents (import documents) on the importation activities of Easton Enterprises Co., Inc.;¹⁵
16. Invoices issued by Easton Enterprises, Co., Inc. to various stores selling motorcycle parts including **JEC** coils;¹⁶
17. Affidavit of Cynthia So executed on 18 January 2006;¹⁷
18. Affidavit of Chen, Chin-Jung executed on 07 June 2006;¹⁸
19. Copy of the Taiwanese Certificate of Registration No. 00435515 for **JEC** and drawing with English translation;¹⁹
20. Affidavit of Fang, Kuo-Ming executed on 23 July 2004;²⁰
21. Copy of the letter of the Appellee's counsel to the Appellants dated 20 July 2004;²¹
22. Copy of the authenticated Secretary's Certificate executed by Chen, Chin-Jung;²²
23. Examiner's action marked as Paper No.2;²³
24. Appellant's reply letter dated 21 June 2002;²⁴
25. Illustration of the Appellant's mark and the mark "JEC" by Jimbo Electric Co.;²⁵
26. Copy of the Appellant's advertisement in The Philippine Star dated 17 October 2006;²⁶
27. Rebuttal Affidavit of Chen, Chin-Jun executed on 23 April 2007;²⁷

The Appellants filed their "ANSWER" on 27 August 2007 alleging the following:

1. The Appellee has no right or interest in and to the mark **JEC** in the Philippines;
2. The right in a trademark is acquired through registration made validly in accordance with the relevant provisions of Rep. Act No. 8293, also known as the Intellectual Property Code of the Philippines ("IP Code");

¹³ Exhibit "M-1".

¹⁴ Exhibit "M-2".

¹⁵ Exhibits "N" to "V", inclusive of sub-markings.

¹⁶ Exhibits "W" to "W-18".

¹⁷ Exhibits "X" and "X-1".

¹⁸ Exhibit "Y" to "Y-4".

¹⁹ Exhibit "Y-5".

²⁰ Exhibit "Y-6".

²¹ Exhibit "Y-7".

²² Exhibits "Y-8" and "Y-9".

²³ Exhibit "Z".

²⁴ Exhibit "Z-1".

²⁵ Exhibit "Z-2".

²⁶ Exhibit "AA".

²⁷ Exhibits "BB" and "BB-1".

3. The records in the Intellectual Property Office disclosed that the Appellee has not registered nor applied for the registration of the mark **JEC**;
4. Since the Appellee has not acquired any right in and to the mark **JEC** in the Philippines and is not licensed to do business in the Philippines, it logically follows that no goodwill will be generated by a mark not used in legitimate business;
5. The ignition and primary coils distributed by Easton Enterprises Co., Inc. are not advertised, are not publicly known, and not being known, the mark cannot by any stretch of the imagination be said to have generated any amount of goodwill to warrant the ridiculous amounts prayed for by the Appellee;
6. Assuming that goodwill might have been generated by the use of the mark **JEC** in the Philippines, such goodwill inures to the benefit and in favor of distributor Easton Enterprises Co., Inc. which is using the mark in the market and claiming to be the owner of the mark which it has duly registered with the Intellectual Property Office and the Copyright Office of the National Library;
7. Easton Enterprises Co., Inc. has no authority to file the complaint;
8. The Secretary's Certificate purportedly executed by the Corporate Secretary of the Appellee attesting to the appointment of its attorney-in-fact was not duly notarized by a licensed or authorized Notary Public in Taipei, Taiwan and not authenticated by the Legal Officer of the Manila Economic and Cultural Office (MECO) in Taipei, Taiwan, hence, a mere scrap of paper and will not serve any legal purpose whatsoever;
9. The Appellants are not liable for the false and fraudulent declaration or representation since they have not yet obtained a certificate of registration covering the mark **JEC**; and
10. The liability for damages, if any, can be recovered only in civil action and not in an administrative complaint for violation of intellectual property rights.

The Appellants submitted the following evidence:

1. Copy of the Appellants trademark application filed on 26 October 1994;²⁸
2. Notice of Abandoned Application;²⁹

²⁸ Exhibits "1", "1-A" and "1-B".

²⁹ Exhibit "1-C".

3. Allegation of first use in commerce in the Appellant's trademark application;³⁰
4. Copy of Certificate of Copyright Registration No. 94-996 issued on 30 August 1994;³¹
5. Copy of the Appellant's Trademark Application No. 4-2001-0002337 filed on 02 April 2001;³²
6. Copy of the Notice of Allowance and Payment of Publication Fee;³³
7. Copy of the Notice of Issuance and Publication Fee;³⁴
8. Copy of the IPO Official Gazette Vol. VI, No. 16, page 152;³⁵
9. Copy of the Certificate of Registration No. 4-2001-002337 for the mark **JEC** issued in favor of the Appellants;³⁶
10. Commercial documents (import documents) on the importation activities of the Appellants;³⁷
11. Carton boxes and stickers bearing the mark **JEC** being used by the Appellants;³⁸
12. Demand letter from the counsel of Easton Enterprises Co., Inc. dated 23 May 2001;³⁹
13. Notice published in the Manila Bulletin on 22 September 1999;⁴⁰
14. Articles of Incorporation of Minton Marketing, Inc.;⁴¹
15. Copy of the Secretary's Certificate executed by the Appellee's Corporate Secretary dated 12 July 2004;⁴²
16. Copies of telephone directory and t-shirt showing the mark "JEC";⁴³
17. Sales invoices of Minton Marketing Inc.;⁴⁴
18. The mark "JEC and Drawing" appearing in the Trademark Registration Certificate dated 16 April 1987 issued by the Bureau of Standards, Metrology and Inspection, MOEA of Taiwan (Exhibit "H-1");⁴⁵
19. The specification or type of goods: Automobile, motorcycle, ship, transportation machine/tool and relevant components being specification in Type 82 under Article 24 of the Implementation By-Rules or Exclusive Product Trademark Law (Exhibit "H-1");⁴⁶
20. Affidavit of Richard Lim dated 03 October 2006;⁴⁷
21. Examiner's action marked as Paper No. 2 (Exhibit "Z");⁴⁸

³⁰ Exhibit "1-D".

³¹ Exhibit "2".

³² Exhibits "3" and "3-A".

³³ Exhibits "4" and "4-A".

³⁴ Exhibits "4-B" and "4-C".

³⁵ Exhibits "5" and "5-A".

³⁶ Exhibits "6" and "6-A".

³⁷ Exhibits "7" to "9", inclusive of sub-markings.

³⁸ Exhibits "10", "10-A", and "10-B".

³⁹ Exhibit "11".

⁴⁰ Exhibit "12".

⁴¹ Exhibits "13", "13-A" to "13-F".

⁴² Exhibit "14", "14-A", "30", "31" and "32".

⁴³ Exhibits "15" and "16" inclusive of sub-markings.

⁴⁴ Exhibits "17" to "29" inclusive of sub-markings.

⁴⁵ Exhibits "33" and "33-A".

⁴⁶ Exhibit "33-B".

⁴⁷ Exhibit "34".

22. Appellants' reply letter dated 21 June 2002 (Exhibit "Z-1");⁴⁹
23. Illustration of the Appellant's mark and the mark "JEC" by Jimbo Electric Co. (Exhibit "Z-2");⁵⁰
24. The entry in Certificate of Registration No. 4-2001-002337 (Exhibit "6") which states "JEC (The mark JEC of Jimbo Electric Co. has no horizontal line over the J letter. It has altogether a different font with our mark JEC)";⁵¹
25. Copy of the Appellant's advertisement in The Philippine Star dated 17 October 2006 (Exhibit "AA");⁵²
26. Affidavit of Cynthia So executed on 18 January 2006 (Exhibit "X");⁵³

In deciding the case, the Director ruled that the Appellee is the owner, first adopter and user of **JEC** in the Philippines. Dissatisfied, the Appellants filed on 17 January 2008 an "APPEAL MEMORANDUM" contending that:

1. They honestly believed that at the time of filing their trademark application, the mark **JEC** has not been used by any other entity and their affidavit and testimony as proof of such fact has not been refuted nor controverted;
2. The element of fraud which is an essential element of the action contemplated under Sec. 162 of the IP Code was not established by competent proof;
3. The element of fraud in unfair competition is lacking in this case and there is nothing on record or from evidence at hand that the Appellee has established goodwill over the mark **JEC**;
4. The award of temperate and exemplary damages has no basis and unfounded;
5. The award of attorney's fees demands factual, legal and equitable justification and cannot be left to speculation or conjecture; and
6. The Appellants' certificate of registration for **JEC** still subsists and remains effective and the Director erred in enjoining the Appellants from using this mark that is covered by a valid and subsisting trademark registration.

⁴⁸ Exhibit "35".

⁴⁹ Exhibit "35-A".

⁵⁰ Exhibit "35-B".

⁵¹ Exhibit "35-C".

⁵² Exhibit "36".

⁵³ Exhibits "37" and "37-A".

The Appellee filed its "COMMENT on Appellant's Appeal" on 26 February 2008 contending that:

1. The Appellants cannot invoke Sec. 138 of the IP Code as their certificate of registration for **JEC** was issued only five (5) months after the filing of the complaint;
2. The evidence on record clearly shows that the Appellee is the true and lawful owner of the mark **JEC** for use on various motor vehicle and motorcycle spare parts;
3. The Appellants failed to explain what "JEC" stands for and why they thought of connecting the letter "J" to the letter "C" by means of a horizontal line on top, identical to the way the Appellee's mark **JEC** is written and used;
4. The Appellants do not manufacture but merely import, distribute and sell the motorcycle parts bearing the mark **JEC**;
5. The Appellants admitted that their company source their motorcycle parts from Evertech Corporation of Taiwan in 1991-1992 which was one of the trading companies to whom the Appellee supplied various motorcycle parts bearing the mark **JEC**;
6. In claiming that they are the owners of the mark **JEC**, when in truth and in fact they are not, the Appellants committed false or fraudulent representation or declaration in procuring the registration of the mark **JEC**;
7. The unauthorized and continuous use by the Appellants of the mark **JEC** on motorcycle spare parts constitutes unfair competition;
8. The Appellants are liable for damages for their unlawful acts and for payment of attorney's fees and should be enjoined from using the mark **JEC**.

In an Order dated 01 February 2011, this case was referred to mediation pursuant to Office Order No. 197, series of 2010, on the Mechanics for IPO-Mediation and Settlement Period. The parties were thus ordered to appear in person, with or without counsel, at the IPOPHL Multi-Purpose Hall on 22 February 2011 for the purpose of considering the possibility of settling the dispute through mediation. However, according to the Mediator's Report, there was a failure to settle the case through mediation, and hence, the case was returned to the Office of the Director General for appropriate disposition.

The issues to be resolved in this appeal are the following:

1. Whether the Director was correct in ruling that the Appellants are guilty of false and fraudulent misrepresentation in procuring the registration of their mark; and
2. Whether the Director was correct in holding the Appellants liable for unfair competition.

On the first issue, the Appellee's claim of damages is based on Sec. 162 of the IP Code, to wit:

SEC. 162. Action for False or Fraudulent Declaration.- Any person who shall procure registration in the Office of a mark by a false or fraudulent declaration or representation, whether oral or in writing, or by any false means, shall be liable in a civil action by any person injured thereby for any damages sustained in consequences thereof.

A person shall be liable for damages, pursuant to Sec. 162 of the IP Code, if the following elements are present:

1. A person secured a certificate of registration from this Office;
2. The person procured the registration by a false or fraudulent declaration or by any false means; and
3. Another person was injured thereby.

This Office has previously held that Sec. 162 of the IP Code contemplates that the false or fraudulent declaration or representation should not only be in support of the trademark application, but must be one that is crucial or indispensable, without which the application will not prosper and the registration could not be obtained.⁵⁴ Also, Sec. 162 required that for the applicant to be liable, the complainant must have suffered injury as a consequence of the falsity or fraud.

In this instance, the Appellee claims that the Appellants falsely and fraudulently declared and represented in their Trademark Application No. 4-2001-002337 that they are the owners and actual users of the mark **JEC**. This Office scrutinized the trademark application but did not find any declaration or statement made by the Appellants that they are the owners of the mark **JEC**. The Appellant's trademark application only states that they are the applicants for registration of the mark "JEC" and that the mark be registered in their favor according to the IP Code.⁵⁵

Neither was the submission by the Appellant of the "DECLARATION OF ACTUAL USE" a false or fraudulent declaration or representation.⁵⁶ In this document, the Appellants stated only that they first used the mark on 01 October 1992 and that their mark is presently used in the Philippines. There is nothing in these statements that

⁵⁴ *Fishwealth Canning Corp. vs. Henry N. Kawson* (ODG Appeal No. 10-05-03, 22 January 2007).

⁵⁵ Exhibit "3".

⁵⁶ File wrapper of Certificate of Registration No. 4-2001-002337.

show false or fraudulent declaration by the Appellants. Records show that indeed the Appellant had used the mark **JEC** and is still using it.⁵⁷

Moreover, the Declaration of Actual use is not included in Sec. 124 of RA 8293, which enumerates the required documents that an applicant must submit, and collectively, compose the trademark application. This is because under RA 8293, actual use is not a requisite in filing a trademark application. While Sec. 124.2 required the filing of a DAU, the period within which to do so is stretched up to three (3) years from the filing date of the trademark application. Further, the parties that are required to file the DAU already include registrants, which means that the action on, or examination of, the application does not depend on the submission of the DAU or the contents thereof. Until the lapse of the three-year period from filing date, the trademark application is to be examined or even allowed, even without a DAU being filed by the applicant.⁵⁸ Thus, the Appellants' submission of the DAU produced no effect on the examination, processing, or the decision of the trademark examiner on the subject trademark application.

The Appellee also failed to submit evidence that it incurred injury by the Appellants' filing of their trademark application. The liability for damages under Sec. 162 requires injury to the complainant as a consequence of the false or fraudulent declaration or representation. In the absence of any proof of such injury to the Appellee, the Appellant cannot be held liable under Sec. 162 of the IP Code. The Appellee did not even oppose the registration of the Appellant's trademark application when it was published on 20 April 2004 in the Intellectual Property Office Official Gazette. The Appellee also admitted that it was not doing business in the Philippines.⁵⁹

Going now to the issue of unfair competition, Sec. 168 of the IP Code provides that:

SEC. 168. Unfair Competition, Rights, Regulations and Remedies.- 168.1. A person who has identified in the mind of the public the goods he manufactures or deals in, his business or services from those of others, whether or not a registered mark is employed, has a property right in the goodwill of the said goods, business or services so identified, which will be protected in the same manner as other property rights.

168.2. Any person who shall employ deception or any other means contrary to good faith by which he shall pass off the goods manufactured by him or in which he deals, or his business, or services for those of the one having established such goodwill, or who shall commit any acts calculated to produce said result, shall be guilty of unfair competition, and shall be subject to an action therefor.

168.3. In particular, and without in any way limiting the scope of protection against unfair competition, the following shall be deemed guilty of unfair competition:

(a) Any person, who is selling his goods and gives them the general appearance of goods of another manufacturer or dealer, either as to the goods themselves or in the wrapping of the packages in which they are contained, or the devices or words thereon, or in any other feature of their appearance, which would be likely to influence purchasers to believe that the goods offered are those of a manufacturer or dealer, other

⁵⁷ Exhibits "7" to "9", "17" to "29", and "34" inclusive of sub-markings.

⁵⁸ *Fishwealth Canning Corp. vs. Henry N. Kawson* (ODG Appeal No. 10-05-03, 22 January 2007).

⁵⁹ COMPLAINT, page 2.

than the actual manufacturer or dealer, or who otherwise clothes the goods with such appearance as shall deceive the public and defraud another of his legitimate trade, or any subsequent vendor of such goods or any agent of any vendor engaged in selling such goods with a like purpose;

b) Any person who by any artifice, or device, or who employs any other means calculated to induce the false belief that such person is offering the services of another who has identified such services in the mind of the public; or

(c) Any person who shall make any false statement in the course of trade or who shall commit any other act contrary to good faith of a nature calculated to discredit the goods, business or services of another.

168.4. The remedies provided by Sections 156, 157 and 161 shall apply *mutatis mutandis*.

Unfair competition concerns the passing-off or attempting to pass-off to the public the goods or business of one person as and for the goods or business of another. The concept is to give protection to a person who has earned goodwill on his goods, business or services. Unfair competition is a question of fact and the determination of the existence thereof rests on the issue of whether or not, as a matter of fact, a defendant is, by conduct, passing off defendant's goods as plaintiff's goods or defendant's business as plaintiff's business. The universal test is whether the public is likely to be deceived.⁶⁰ Furthermore, in unfair competition, fraudulent intent is essential.⁶¹

Under the first paragraph of Sec. 168.1, a plaintiff in an unfair competition must show that it has identified in the mind of the public the goods it manufactures or deals in apart from those of others. In other words, the plaintiff must show that its goods have acquired a reputation as to the buying public.

In this case, however, there is no clear proof that the motorcycle products bearing the mark **JEC** have been associated by the public as belonging to or being manufactured by the Appellee. There is no evidence presented that the Appellee has a direct hand in the introduction of products bearing the mark **JEC** here in the country. A scrutiny of the import documents submitted by the Appellee reveal that Easton Enterprises Co., Inc. is importing its products from Tackle Trading Company, China National Machinery & Equipment Import & Export Corporation Fuji Co., Ltd. and Guangzhou Jinhao Motorcycle Co., Ltd..⁶² There is nothing on record that indicates the relationship of the Appellee with these companies.

The Appellee claims that Easton Enterprises Co., Inc. is its exclusive distributor since 1984 and continuously up to the present. However, aside from the affidavit of Chen, Chin-Jung, the alleged Corporate Secretary of the Appellee, the Appellee did not show any other proof that indeed Easton Enterprises Co., Inc. is its exclusive distributor here in the Philippines. The Appellee did not even submit any copy of its alleged exclusive distributorship agreement with Easton Enterprises Co., Inc..

⁶⁰ G.R. No. 8937, 21 March 1914, *Alhambra Cigar and Cigarette Manufacturing Co. vs. Pedro N. Mojica*.

⁶¹ *Del Monte Corporation vs. Court of Appeals*, G. R. No. L-78325, 25 January 1990.

⁶² Exhibits "N-4" to "N-13", "O-2" and "O-3", "Q-2", "R-1", "R-2" and "R-5", "S-5", "S-6", "T-5", "T-6", "U-6", "U-7", "V-7" and "V-8".

What was established by the pieces of evidence in this case is the fact that the Appellants and Easton Enterprises Co., Inc. are both importing motorcycle parts from other entities and not directly from the Appellee, and that both are using the mark **JEC**. The Appellee has allowed this situation for almost two decades now and it has not sought trademark protection of its mark in the Philippines. It has allowed the importation in the Philippines of its products through different importers and distributors.

On the other hand, the Appellants have shown that it is importing motorcycle parts from Shanghai Foreign Trade Enterprises Co. Ltd. which are already wrapped and packed in carton boxes bearing the mark **JEC** which are printed in China.⁶³ Consequently, the Appellants are distributing these imported products to various merchandising stores.⁶⁴ The Appellant Richard Lim also testified that they are importing motorcycle parts from Evertech Corporation from Taiwan,⁶⁵ which was affirmed by the Appellee in the rebuttal affidavit of Chen, Ching Jun, which states that Evertech Corporation is one of the trading companies that the Appellee is supplying its motorcycle parts.⁶⁶

Therefore, if ever there is a goodwill that the mark **JEC** has attained in the country, this can be attributed to the activities and business of the Appellants, Easton Enterprises Co., Inc. and the other entities trading on the motorcycle parts bearing the mark **JEC**.

Nonetheless, even if there would be proof that Easton Enterprises Co., Inc. is the Appellee's exclusive distributor, this is not relevant to the determination of whether the Appellants are liable for unfair competition under the present circumstances. The concept of unfair competition relates to the concept of passing off. In the case of *Shell Co. of the Philippines, Ltd. vs. Insular Petroleum Refining Co., Ltd., et al.*⁶⁷, the Supreme Court held that:

To hold a defendant guilty of unfair competition, no less than satisfactory and convincing evidence is essential, showing that the defendant has passed off or attempted to pass off his own goods as those of another and that the customer was deceived with respect to the origin of the goods. In other words, the inherent element of unfair competition is fraud or deceit.

In the instant case, there is no evidence which indicates that the Appellants are passing off their products as those of the Appellee, thereby deceiving the buying public as to who is the real source of the products. There is no element of fraud or deceit in this instance but rather a business competition that does not constitute unfair competition by the Appellants.

⁶³ Exhibits "7-C", "8-B", "9-D" and "34".

⁶⁴ Exhibits "17" to "29".

⁶⁵ Transcript of Stenographic Notes of the 08 November 2006 hearing, page 42.

⁶⁶ Exhibits "BB" and "BB-1".

⁶⁷ G. R. No. L-19441, 30 June 1964.

The mere usage by the Appellants of the mark **JEC** is not by itself tantamount to unfair competition in the absence of any fraudulent intent on their part. The Director in finding the Appellant liable for unfair competition held that the fraudulent intent of the Appellants to pass off its goods as that of the Appellee was manifested by the use of the subject mark on the motor parts for motorcycles being distributed by the Appellants despite the fact that they are not really manufactured and produced by the Appellee and thus passing off their goods as that of the Appellee's, thereby deceiving the public. The Director, however, failed to cite any evidence on record to support this ruling.


In addition, the Appellee failed to show that it has been selling products here in the Philippines and that it has on its own created goodwill in this country so that the purchasing public can identify that the products bearing the mark **JEC** emanates from the Appellee. The Appellee, thus, failed to substantiate the allegations of fraudulent acts and deceit by the Appellants.

The present case being for false or fraudulent misrepresentation and unfair competition, it is emphasized that the resolution of this appeal is limited to the issues of whether the Appellants committed the alleged false or fraudulent misrepresentation and unfair competition, and not on the issue of who is the real owner of the mark **JEC** and whether the Appellants are entitled to the registration of this mark.

Wherefore, premises considered, the appeal is hereby GRANTED. The complaint against the Appellants for false and fraudulent declaration or representation and unfair competition and damages is hereby dismissed. Let a copy of this Decision and the records of this case be furnished and returned to the Director of Bureau of Legal Affairs for appropriate action. Further, let also the library of the Documentation, Information and Technology Transfer Bureau be furnished a copy of this Decision for information and records purposes.

SO ORDERED.

SEP 25 2012 Taguig City.


RICARDO R. BLANCAFLOR
Director General 