



BOMA ONE PACIFIC CORPORATION,
Petitioner,

-versus-

EUGENE MARTINEZ,
Respondent-Patentee.

X-----X

} IPC No. 12-2008-00013
} Petition for Cancellation:
} UM Reg. No. 2-2007-000072
} Date Issued: 25 June 2007
} Title: "A REINFORCED
} TRAVELING WHEELED BAG"

NOTICE OF DECISION

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GREETINGS:

Please be informed that Decision No. 2012 – 223 dated November 15, 2012 (copy enclosed) was promulgated in the above entitled case.

Taguig City, November 15, 2012.

For the Director:


Atty. EDWIN DANILO A. DATING
Director III
Bureau of Legal Affairs



BOMA ONE PACIFIC CORPORATION, } Petitioner, } }	IPC No. 12-2008-00013 Petition for Cancellation:
- versus - } }	UM Registration No. 2-2007-000072 Date Issued: 25 June 2007
EUGENE MARTINEZ, } Respondent-Patentee. }	Title: A REINFORCED TRAVELING WHEELED BAG
x-----x	Decision No. 2012 - <u>223</u>

DECISION

BOMA ONE PACIFIC CORPORATION¹ ("Petitioner") filed on 16 January 2008 a Petition for cancellation of Utility Model Registration No. 2-2007-000072, issued to EUGENE MARTINEZ² ("Respondent-Patentee") on 25 June 2007, entitled "A Reinforced Traveling Wheeled Bag". The Petitioner alleges the following:

"3. Petitioner is engaged in the manufacture and sale of Balikbayan travel gear products catering to a niche market - the Filipino overseas travelers. Among its flagship products is the Balikbayan Box Gear, a Balikbayan box cover made of polycanvas or similar material that one can carry as a luggage or bag. This is currently sold at retail outlets like SM Shoemart, Rustan's, True Value and Ace Hardware;

"4. Respondent was hired by Petitioner as its Business Manager from 11 July 2005 up to 31 July 2006. Upon his employment, Respondent signed an Employment Agreement with the following terms and restrictions:

"7. *Confidentiality*

It is the responsibility of the EMPLOYEE to ensure that no information by virtue of his employment with the EMPLOYER is disposed to outsiders, whether intentionally or negligently, unless the disclosure is for necessary business purposes and pursuant to properly approved and written agreements.

Confidential information is any information belonging to the EMPLOYER that could be used by people outside the EMPLOYER or to the detriment of the EMPLOYER.

"8. *Non-Competition*

EMPLOYEE is strictly prohibited from undertaking any other kind of employment or service that shall prejudice this Contract,

1 A corporation duly organized and existing under Philippine laws with principal place of business at Unit B-4 Building B, Karrivin Plaza, 2316 Chino Roces Avenue, Makati City.

2 A Filipino citizen and a resident of No. 770 Del Monte Avenue, Quezon City.

without the prior written approval of the EMPLOYER.

You agree not to offer services similar to those being offered by Boma for a minimum period of two years from the time of your employment termination. You also agree that you will not be soliciting any Boma employees to work for you or your employer(s) during the same minimum duration."

"5. As Business Manager, Respondent's duties and functions included aiding the company in conceptualizing ideas for product development and innovation. Thus, during his stint, he had helped develop some innovations to existing travel bag products. Among the ideas which originated from Petitioner's managing directors and were developed by Respondent was the attachment of a built in frame around the Balikbayan Box Gear and caster wheels for easy mobility thereof. These proposals were contained in an email which he sent to Petitioner's managing directors;

"6. Petitioner considered the proposal but decided to put its execution on hold for business reasons. Respondent took it bad and resigned from the company;

"7. Ten days after resigning, Respondent presented proposals to SM and Rustan's to offer for sale a Balikbayan bag which was an exact replica of the classic Balikbayan Box Gear product of Petitioner;

"8. Alarmed by this blatant violation of Respondent's contractual oath, Petitioner lost no time in formally demanding that he cease and desist from engaging and competing in a similar business as Petitioner under pain of legal suits. Despite receipt of a demand letter, went ahead and sold his copycat Balikbayan box bags in direct competition with the Balikbayan Box Gear of Petitioner;

"9. To make matters worse, Respondent likewise offered for sale Wheeled Box (with the label Biyahero) with built-in frame, which, except for the caster wheels, was likewise the exact replica of the proposed Balikbayan Box cover contained in the product development proposal of Respondent presented to Petitioner when he was still employed thereat. Respondent, thus, stole this concept and passed it off as his own via his copycat luggage box;

"10. On 29 January 2007, Petitioner initiated a civil complaint for Specific Performance, Damages and Attorneys Fees with Application for Injunction and Temporary Restraining Order against Respondent before the Regional Trial Court of Makati City. The case was raffled off to Branch 133 and docketed as Civil Case No. 07-078;

"11. After due hearing on Petitioner's application for the issuance of writ of preliminary injunction, the trial court issued an Order granting the same, the dispositive portion of which states: x x x

"12. A Writ of Preliminary Injunction was thereafter issued by the trial

court;

"13. Despite the service of the Writ upon Respondent and on the above-named retail outlets, Respondent continued on selling the imitation Balikbayan box covers in some of these outlets under the label "Byahero" and "Lugmax", in gross defiance of the writ. Worse, Respondent has sold his "Wheeled Box" in the internet via an advertisement online through the website of Alibaba.com;

"14. Aggrieved and prejudiced by this blatant violation of the writ, Petitioner filed on 10 September 2007 a Petition for Indirect Contempt praying that Respondent be cited in contempt of court for defying its lawful orders;

"15. In his Answer to the contempt charges, Respondent admitted having continued on selling Balikbayan box covers but reasoned that they are of the wheeled variety and that the same is not covered by the injunction order. He then attaches as supporting document thereto a copy of the Utility Model Registration No. 2-2007-000072 pertaining to a Reinforced Traveling Wheeled Bag which was issued by this Honorable Office on 25 June 2007 in favor of Respondent;

"16. A perusal of the utility model shows that the same pertains to the Balikbayan box cover of Petitioner with built-in frame and attached caster wheels which was an idea conceptualized by the managing directors of Petitioner and passed on to Respondent for development and product presentation as part of his duties and functions as then business manager of Petitioner's Balikbayan gear division. Thus, Respondent stole this Balikbayan box cover idea and design and passed it off as his;

"17. Respondent applied for the utility model registration on 02 March 2007, after Petitioner filed the civil complaint against him for breach of contract on 29 January 2007, and while the case is pending in the trial court, which just shows the surreptitious and deceitful manner by which Respondent secured this registration;

"18. Worse, this alleged Reinforced Traveling Wheeled Bag is nothing but the Balikbayan box case with built-in frame and wheels which was covered by Writ of Preliminary Injunction issued by the RTC of Makati, Branch 133;

"19. Under Section 109.4 (d) of the Intellectual Property Code, the utility model registration shall be cancelled on the ground, among others, that the owner of the utility model registration is not the inventor or successor in title; and

"20. Respondent is neither the owner nor the inventor of this utility model. Rather, it is Petitioner which owns it. Further, Respondent obtained the registration during the pendency of the case for breach of contract and the lifetime and validity of the Writ of Injunction issued by the trial court which makes the procurement and issuance of said utility model registration all the more questionable, in bad faith and highly irregular. Respondent secured the registration to beat Petitioner to the draw and to justify its continuing violation

of the injunctive writ.”

The Petitioner's evidence consists of the following:

1. Copy of the Secretary's Certificate conferring authority upon Ms. Ruth Roy;
2. Photocopies of Petitioner's products;
3. Copy of the Employment Contract entered into by and between Petitioner, represented by Marielle V. Fong and Respondent-Patentee;
4. Copy of the e-mail containing the proposals sent by Respondent-Patentee to Petitioner's Managing Directors;
5. Copy of Respondent-Patentee's proposal sent to SM as well as photograph of product presentation;
6. Copies of photographs of Respondent-Patentee's bags;
7. Copy of photos of Respondent-Patentee's wheeled box on display at SM;
8. Copy of complaint initiated by Petitioner against Respondent-Patentee before the Regional Trial Court of Makati City;
9. Copy of the Order dated 28 May 2007 issued by the Regional Trial Court of Makati City;
10. Copy of the Writ of Preliminary Injunction issued by the Regional Trial Court;
11. Copy of the Petition for Indirect Contempt filed by Petitioner against Respondent-Patentee; and
12. Copy of Utility Model Registration bearing Registration No. 2-2007-000072 pertaining to a 'Reinforced Traveling Wheeled Bag' issued on 25 June 2007 to Respondent-Patentee.³

The Respondent-Patentee filed his Answer on 01 April 2008 stating the following affirmative defenses:

“4. Petitioner has no cause of action. Respondent is the rightful owner of the Utility Model pursuant to Section 30.2 of Republic Act No. 8293, which provides that:

Section 30.2. In case the employee made the invention in the course of his employment contract, the patent shall belong to:

(a) The employee, if the inventive activity is not a part of his regular duties even if the employee uses the time, facilities and materials of the employer;

“5. Contrary to the ludicrous contentions of Petitioner, Respondent was merely tasked with marketing the products of Petitioner. The concepts and designs that Respondent recommended were recommended by him out of loyalty to his employer. He never assigned the authorship nor the ownership of his designs and concepts to Petitioner. Neither did he ever intend to, nor ever in the future assign such intellectual property to Petitioner;

“6. Petitioner likewise has no cause of action as it is not engaged in manufacturing. As can be gleaned from its Articles of Incorporation, Petitioner is only authorized to trade and sell carrying bags and handicrafts on a wholesale

³ Marked as Annexes “A” to “M”, inclusive.

basis. Thus, most if not all of the items it sells are being copied only from products that are already in the market. A copy of the Articles of Incorporation of Petitioner is attached herewith as Annex "A" and made an integral part hereof;

"7. As a matter of fact, an examination of the records of the Intellectual Property Office will show that the patent for the Balikbayan Box cover (which according to Petitioner is its flagship product) is registered to Benedicto Castro Chan. A copy of the Utility Model Registration document for the Balikbayan Box cover is attached as Annex "B" and made an integral part hereof;

"8. The Writ of Preliminary Injunction is the subject of a Petition for Certiorari with the Court of Appeals. Suffice it to state that an examination of paragraph 4 of the herein petition will show that there was no basis for restraining herein Respondent. He is not "offering services that are similar to the services being offered by Boma". In addition, Petitioner has not until this writing shown and/or proves the "loss" that is an ingredient for securing a restraining order or injunction;

"9. Finally, Petitioner has no cause of action because the design subject of the Annex D of the petition is not the Utility Model that Respondent registered. Neither did herein Respondent design the Utility Model during his employment with Petitioner; and

"10. The Intellectual Property Office should inquire upon Petitioner the source designs for the products it sells to the public. Respondent does not doubt that, upon the conduct of an incisive investigation, it will be discovered that Petitioner has in fact plagiarized and used without authority designs and concepts that are already patented or copyrighted in favor of other persons or entities."

The Petitioner subsequently filed its "Reply" on 14 April 2008, together with a copy of the transcript of stenographic notes⁴ (Exhibit "N", inclusive) and with reservation to present a sample of its product during the preliminary conference. Then after, the preliminary conference was conducted and terminated on 04 August 2008. The Petitioner filed its position paper on 01 September 2008 while the Respondent-Patentee did so on 08 September 2008.

Should Utility Model Registration No. 2-2007-000072 issued in favor of Respondent-Patentee be cancelled?

The Petitioner anchored its petition on Section 109.4, paragraph (d) of R. A. No. 8293, otherwise known as the Intellectual Property Code of the Philippines ("IP Code"), which provides that:

109.4. In proceedings under Sections 61 to 64, the utility model registration shall

⁴ Taken during the testimony of Ms. Marielle Valdez-Fong on direct examination in Civil Case No. 07-834 for Indirect Contempt filed by Petitioner against Respondent.

be cancelled on the following grounds:

x x x

- (d) That the owner of the utility model registration is not the inventor or his successor in title.

The records show that the Respondent-Patentee applied for utility model registration on 02 March 2007. The application covers a utility model for a reinforced traveling wheeled bag with the following claim:

A reinforced traveling wheeled bag comprising a bag body made from pliable material and having wheels for easy mobility thereof, and a reinforcement removably disposed within said bag body and being held securely thereon by retaining means, and said reinforcement being defined by walls that are joined together by an attaching means provided along the adjacent sides of said walls.

The Petitioner, on the other hand, claimed that the utility model covered by Respondent-Patentee's registration is actually the idea conceptualized by its Managing Directors and passed on to the former for development and product presentation as part of his duties and functions as then business manager of Petitioner's Balikbayan gear division. The evidence submitted by the Petitioner, however, fails to establish this. The copy of the email⁵ sent by Respondent-Patentee to Petitioner's managing directors containing the proposal for box cover developments shows that they are distinct from the utility model covered by Respondent-Patentee's registration. The Petitioner's proposed developments for its balikbayan bag has the following features, namely, side release lock, ready-to-pull strap, cover pocket, wrap around straps, water resistant and foldable frame while the Respondent-Patentee's registration covers a reinforced traveling wheeled bag comprising a bag body with wheels for easy mobility.

The Petitioner also wants to impress this Bureau that the Respondent-Patentee's registration was secured in bad faith and in blatant violation of its contractual oath being a former employee of the Petitioner in-charge in conceptualizing ideas for product development and innovation. By Petitioner's own admission, the Respondent-Patentee was hired as its business manager from 11 July 2005 up to 31 July 2006. The Respondent-Patentee's utility model, however, was applied for registration on 02 March 2007. Apart from the copy of the employment contract, the Petitioner failed to present sufficient evidence that the subject utility model was made in the course of Respondent-Patentee's employment with the Petitioner in the performance of his regularly assigned duties.

The other pieces of evidence submitted by the Petitioner to prove that the Respondent-Patentee is not the inventor or successor of the utility model are bereft of merit. A perusal of the Petitioner's evidence attached to its petition shows that they are

⁵ Annex "D".

mere machine copies. It is stressed that this Bureau does not decide issues on the basis of bare assumptions. The cancellation proceeding is essentially a litigation and the parties have the burden to submit evidence to support their allegations and to impeach the others. Corollarily, Rule 2 of the Regulations on Inter Partes Proceedings, as amended by Office Order No. 79, s. 2005, provides that:

Sec. 7.1 The petition or opposition, together with the affidavits of witnesses and originals of the documents and other requirements, shall be filed with the Bureau, provided that in case of public documents, certified copies shall be allowed in lieu of the originals. x x x

x x x

Sec. 12. *Evidence for the Parties.* -

12.1 The verified petition or opposition, reply if any, duly marked affidavits of the witnesses and the documents submitted, shall constitute the entire evidence for the petitioner or opposer. The verified answer, rejoinder if any, and the duly marked affidavits and documents submitted shall constitute the evidence for the respondent. Affidavits, documents and other evidence not submitted and duly marked in accordance with the preceding sections shall not be admitted as evidence.

As a rule, administrative and quasi-judicial agencies are also bound to observe certain evidentiary rules.

This Bureau also noticed that the Petitioner raised for the first time the issue of novelty in its position paper. In this regard, Section 14.3 of Office Order No. 79, as amended, finds application, to wit:

14.3. x x x The position papers, and the draft decisions, if any, shall take up only those matters and issues covered or alleged in the Petition or Opposition and the Answer, the supporting evidence, and those determined during the Preliminary Conference. No new matters or issues shall be raised or included in the position papers, and draft decisions, if any. Any such new matters or issues shall be disregarded.

Therefore, the issue of novelty not having been raised in the petition or during the preliminary conference, the same cannot be considered in the resolution of this case.


Succinctly, the issuance of a patent creates a presumption which yields only to clear and cogent evidence that the patentee was the original and first inventor.⁶ The burden of proving otherwise is on him who avers it and the burden is a heavy one which is met only by reasonable doubt. With this, this Bureau concludes that the pieces of evidence submitted by the Petitioner failed to overcome said presumption.

⁶ *Manzano v. Court of Appeals*, G. R. No. 113388, 5 September 1997.

WHEREFORE, premises considered, the Petition is hereby **DISMISSED**. Let the filewrapper of the subject patent be returned, together with a copy of this Decision, to the Bureau of Patents for information and appropriate action.

SO ORDERED.

Taguig City, 15 November 2012.


Atty. NATHANIEL S. AREVALO
Director IV, Bureau of Legal Affairs