



NG TIAN & SONS, INC., doing
business under the name SAVORY
RESTAURANT,
Complainant,

-versus-

SAVORY FASTFOOD INCORPORATED,
Respondent.

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IPV No. 10-2012-00019

For: False Designation of Origin,
False or Fraudulent Declaration
and Unfair Competition with Prayer
for Cancellation of Registration,
Damages and Application for the
Issuance of Writ of Preliminary
Injunction

NOTICE OF DECISION

GANCAICO BALASBAS AND ASSOCIATES LAW OFFICES

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VERGARA MAMAÑGUN JAMERO LAW OFFICES

Counsel of the Respondent
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Rufino cor. Valero Sts.
Salcedo Village, Makati City

GREETINGS:

Please be informed that Decision No. 2013 - 13 dated October 29, 2013 (copy enclosed) was promulgated in the above entitled case.

Taguig City, October 29, 2013.

For the Director:


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



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Decision No. 2013- 13

**DECISION BASED
ON COMPROMISE AGREEMENT**

NG TIAN & SONS, INC., doing business under the name SAVORY RESTAURANT ("Complainant"), filed on 04 October 2012, a complaint against **SAVORY FASTFOOD INCORPORATED** ("Respondent") for false designation of origin, false or fraudulent declaration and unfair competition with prayer for cancellation of registration, damages and application for the issuance of a writ of preliminary injunction. The Complainant assails the Respondent's alleged illegal acts of using the trade names Savory Restaurant and Original Savory.

On 29 October 2012, the Respondent filed its Answer refuting the material allegations of the Complainant.

In compliance to Office Order No. 154, s. 2010 ("*Rules of Procedure for IPO Mediation Proceedings*") and Office Order No. 197, s. 2010 ("*Mechanics for IPO Mediation and Settlement Period*"), this Bureau issued on 24 May 2013 Order No. 2013-130 referring the case to mediation.

On 14 October 2013, this Bureau received a "MEDIATOR'S REPORT" indicating the successful mediation of the instant case. Attached to the report is the parties' "JOINT MANIFESTATION WITH JOINT MOTION TO APPROVE COMPROMISE AGREEMENT" submitted to this Bureau for approval. The Agreement states, among other things:

"NOW, THEREFORE, for and in consideration of the foregoing premises, the parties have hereunto, by way of compromise, agreed as follows:

"1. Respondent Savory Fastfood Inc. is the registered owner of the following trademarks:

**Republic of the Philippines
INTELLECTUAL PROPERTY OFFICE**

Intellectual Property Center, 28 Upper McKinley Road, McKinley Hill Town Center
Fort Bonifacio, Taguig City 1634 Philippines

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- 1.1 The Classic Savory Chicken with Certificate of Registration No. 42007012935.
- 1.2 The Classic Savory and Design of Girl and Chicken with Certificate of Registration No. 42009007055.
- 1.3 The Classic Savory with Chinese Characters with Certificate of Registration No. 42010002117.
- 1.4 The Original Savory with Certificate of Registration No. 42010004832.
- 1.5 The Savory Restaurant with Certificate of Registration No. 033784.
- 1.6 The Savory Chicken with Certificate of Registration No. 033786.

"2. Respondent, as the legal, valid and existing trademark owner of the "The Original Savory with Certificate of Registration No. 42010004832" (hereinafter referred to as "Trademark") shall grant the Complainant the perpetual right to use the Trademark, under the following terms and conditions:

- 2.1 Respondent grants to the Complainant the right to use the Trademark without need of any prior consent from the Respondent. All existing Original Savory branches of the Complainant (hereinafter known as Current Original Savory Branches") with their current stockholdings as of the date of signing of this Compromise Agreement shall be validly respected by the Complainant. Any change in stockholdings of the corporations owning Current Original Savory Branches shall comply with the requirements stated in Section 2.3.4 of this Agreement. Respondent is not conveying ownership over the Trademark and nothing in this Agreement shall be construed to mean the conveyance of ownership over the Trademark by the Respondent to the Complainant at this period or in the future.
- 2.2 This Compromise Agreement only gives the Complainant the exclusive right to use the Trademark, and not to other present or future trademarks registered in the name of the Respondent.
- 2.3 Respondent shall respect Complainant's right to use the Trademark and shall not terminate such right as long as all the following conditions are met;

2.3.1. Ng Tian & Sons, Inc. maintains its valid, legal and corporate existence as duly certified by the Securities and Exchange Commission.

2.3.2. Majority of the entire subscribed capital stock of Ng Tian & Sons, Inc. shall be owned by direct descendants related by blood to Mr. Ng Tian.



2.3.3. Ng Tian & Sons, Inc. shall not sell the right to use to a third party.

2.3.4. The right to use the Trademark is granted to Ng Tian & Sons, Inc. and to any other corporation or individuals authorized by Ng Tian & Sons, Inc. However, the right to use the Trademark may only be granted by Ng Tian & Sons, Inc. to individuals who are direct descendants and related by blood to Mr. Ng Tian and/or to corporations where majority of the subscribed capital stock are owned by stockholders who are direct descendants and related by blood to Mr. Ng Tian. The corporations and/or individuals authorized by Ng Tian & Sons, Inc. to use the Trademarks shall not have the delegated authority to further authorize other corporations or individuals to use the Trademark.

2.3.5. Ng Tian & Sons, Inc., and all other authorized corporations and individuals with the right to use the Trademark shall not open any branch, store, kiosk or restaurant in any shopping mall and center owned or operated by SM Malls, Ayala Malls (i.e., those which are, or may hereinafter be, enumerated in http://www.ayalamalls.com.ph/ayala_malls or any future website for ayala malls.), and Robinsons Malls.

"3. Respondent shall respect, to the highest degree, the right herein granted to complainant.


- 3.1. Respondent shall not use the Trademark and shall not, among others, use the Trademark in any and all of Respondent's public communication and advertisements.
- 3.2. Respondent shall not use the Trademark in anyway as to discredit or derogate the Trademark and/or complainant's business, its owners and/or products and that of complainant's duly authorized corporations and/or individuals in order for this provision to apply, the use of the Trademark by the Respondent shall be subject to the same requirements as libel under the Revised Penal Code.
- 3.3. Respondent and any of its affiliates, whether a corporation or an individual, shall not register any other mark bearing both the words "original" and "savory" in one trademark application, the exclusive use of which is granted to herein complainant. Respondent retains the right to the mark "Savory". Likewise, Respondent and any of its affiliates cannot also use the word "Original", if and when it will create confusion in the minds of the public or unfair competition with Complainant's business or products.



3.4. Respondent, with the assistance of the Complainant shall always maintain the validity of the Trademark and file the necessary Declarations of Actual Use with the Intellectual Property Office. Complainant shall transmit to the Respondent proof of use of the Trademark. i.e. tarpaulins, brochures, menu or pictures, within fifteen (15) days from written request. In the event that Complainant fails to transmit the required items as proof of use of the Trademark within the period agreed upon, Complainant hereby expressly consents to the Respondent's right to immediately either take pictures of the signage or other items used by the Complainant bearing the Trademark, or secure other evidence of use of the Trademark for filing with the Intellectual Property Office.

"4. In the event that any of the conditions set forth in paragraph 2 and its subparagraphs and paragraph 3.4 in this Compromise Agreement is violated by Complainant, Respondent shall have the right to revoke the granted right to use the Trademark, effective within ninety (90) days upon receipt by Complainant of a written Notice of Revocation, either by personal service, registered or electronic mail, and the Complainant, in turn, fails to cure such violation and no existence is given within such time period.

"5. In the event that Respondent should decide to sell the Trademark, complainant has the right of first refusal. The basis of the right of first refusal must be the current offer to sell of the seller or offer to purchase of any prospective buyer. If the optionee/complainant fails to exercise, in writing, its right of first priority to purchase the trademark at the same price that the seller will eventually or finally decide to sell the trademark to a prospective buyer or under the same terms as the seller and the prospective buyer will finally agree on within sixty (60) days from receipt of the notice of the prospective sale or offer of sale, and fails to enter into a Deed of Assignment over the trademark within thirty (30) days from receipt of the Respondent of Complainant's written notice to exercise its right of first refusal, the owner/respondent can validly offer to sell the property to a third person, again, under the same terms as offered to the optionee/complainant. The right of first refusal does not apply to the transfer of the Trademark by the Respondent to an individual who is related by blood to Mr. Ieung Tan and/or to corporations where majority of the subscribed capital stock are owned by stockholders who are related by blood to Mr. Ieung Tan, in which event, Complainant's right of perpetual use shall be respected by such buyer along with the other terms and conditions of the instant *Compromise Agreement*.



"6. Respondent shall not assign the right to use of all trademarks it owns as of the date of signing of this Agreement, except to an individual who is related by blood to Mr. Ieung Tan and/or to corporations where majority of the subscribed capital stock are owned by stockholders who are related by blood to Mr. Ieung Tan. The assignee, transferee or new owner shall nevertheless be bound by the terms of this *Agreement*. Any assignee or transferee of any future trademark of Respondent containing the word "Savory" shall likewise be bound by the terms of this *Agreement*.

"7. Any violation by a party of any of the foregoing provisions shall entitle the innocent party to an injunction, damages, or any other appropriate relief.

"8. The instant *Compromise Agreement*, once approved, must be annotated to the registration of the Trademark, duly reflecting complainant's perpetual right to use the Trademark and its right of first refusal. Complainant shall handle the implementation of this provision together with all costs and expenses related thereto.

"9. The parties hereby release and forever discharge each other from any action, claim for damages or other obligation arising from the same incident and subject of dispute of this case, except those related to the implementation or violation of this *Agreement*. Complainant shall cause the withdrawal and dismissal of its Petition for Certiorari filed with the Court of Appeals and docketed as Ng Tian & Sons, Inc. doing business under the name Savory Restaurant vs. Bureau of Legal Affairs, Intellectual Property Office of the Philippines, Savory Fastfood, Inc. CA-G.R. SP No. 137026 (IPV No. 10-2012-00019).

"10. Herein parties acknowledge to have read and understood the entirety of this *Compromise Agreement*, the contents of which have been explained to them and that the same has been entered into by the parties willingly, voluntarily and with full knowledge of their rights under the law.

This Bureau finds that the Joint Manifestation with Joint Motion to Approve *Compromise Agreement* has been duly entered into by the parties with the terms and conditions thereof not contrary to law, morals, good custom, public order or public policy.

WHEREFORE, premises considered, the parties' Joint Manifestation with Joint Motion to Approve *Compromise Agreement* is hereby **APPROVED**. Accordingly, with the approved Joint Manifestation with Joint Motion to Approve *Compromise Agreement* having the force and effect of a decision or judgment, the parties are enjoined to faithfully comply with the terms set forth therein.

SO ORDERED.

Taguig City, 29 October 2013.


ATTY. NATHANIEL S. AREVALO
Director IV
Bureau of Legal Affairs