OFFICE OF THE DIRECTOR GENERAL

ASCOTT INTERNATIONAL MANAGEMENT (2001) PTE., LTD.,
Appellant,

-versus-

DURAVILLE REALTY AND DEVELOPMENT CORPORATION and DURAVILLE MARKETING INC.,
Appellee.
x----------x

APPEAL NO. 10-2012-0002
IPV No. 10-2011-0025
For: Trademark Infringement under R.A. No. 8293

NOTICE

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DATE: DEC 23 2014
BY:

NATHANIEL S. AREVALO
Director, Bureau of Legal Affairs
Intellectual Property Office
Taguig City

GREETINGS:

Please be informed that on 15 December 2014, the Office of the Director General issued a Decision in this case (copy attached).

Taguig City, 15 December 2014.

Very truly yours,

ROBERT NEREO B. SAMSON
Attorney V

IP PHL CERTIFIED TRUE COPY
DATE:
ROBERT NEREO B. SAMSON
ATTORNEY V
Office of the Director General

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ASCOTT INTERNATIONAL MANAGEMENT (2001) PTE. LTD.,
Appellant,

-versus-

DURAVILLE REALTY AND DEVELOPMENT CORPORATION AND DURAVILLE MARKETING INC.,
Appellees.

Appeal No. **10-2012-0002**
IPV No. **10-2011-0025**
For: **Trademark Infringement**
(under R.A. No. 8293)

X----------X

DECISION

This is an appeal from Order No. 2012-03(D), dated October 10, 2012, issued by the Director of the Bureau of Legal Affairs (BLA) dismissing the Complaint for Trademark Infringement filed by Ascott International Management (2001) PTE. LTD., herein Appellant, against Duraville Realty and Development Corporation and Duraville Marketing Inc., herein Appellee.

Appellant, a Singaporean company, is the owner of the following registered SOMERSET trademarks,[1] mostly under Classes 35, 36 and 43, for its hotel and apartment business (serviced residences), to wit:

SOMERSET SOMERSET

SOMERSET OLYMPIA SOMERSET MILLENNIUM

On October 14, 2011, Appellant filed an infringement case against the Appellee before the BLA,[2] alleging that the Appellee has used and continues to

[1] Complaint, pp. 5-7, dated October 12, 2011.
[2] Order of the Director of the Bureau of Legal Affairs, first page, dated October 10, 2012.

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use the Appellant's mark in connection with its subdivision project called "Somerset Place".

Appellant alleged that it discovered the alleged infringing use through an advertisement of the Appellee for the said project. Consequently, Appellant sent the Appellee a cease and desist letter on January 22, 2007. Appellee replied, stating that they will apply with the HLURB for a change of name of the project to a different name and to discontinue using the same after the change of name is approved by HLURB. However, on April 16, 2007, Appellees sent another letter, stating that they are willing only to change the name from "Somerset Place" to "East Somerset Place". On May 16, 2007, the Appellant sent another letter to the Appellee informing it that the said proposal is unacceptable.[3] Finally, Appellant filed a case for trademark infringement on October 14, 2011.

Appellee answered that "somerset" is not a coined or fanciful word, but a common word not absolutely capable of appropriation. It alleged that several places around the world and historical persons in England have the same name. Appellee alleged that it is involved in subdivision/real estate development, a business that Appellant is not engaged in. Their respective goods or services are unrelated and have different markets. Thus, according to the Appellee, there is no likelihood of confusion. [4]

Appellee pointed out that Appellant is engaged in forum-shopping, since an earlier Opposition case before the HLURB was filed by the Appellant to the Appellee's use of "Somerset Place", which case was eventually denied by HLURB.[5]

Moreover, Appellee averred that Appellant's complaint for infringement was administratively barred by Sec. 1 Rule 2 of the IPV Rules as the same was filed (Oct. 14, 2011) more than 4 years from date of discovery (Jan. 22, 2007) of the alleged violation. On this basis alone, Appellee maintained, the complaint had to be dismissed.[6]

Appellee also argued that there is a striking difference between the marks as SOMERSET is followed by the word "PLACE", which differs from "OLYMPIA" and "MILLENIUM".[7]

The BLA dismissed the Complaint for being barred by prescription as more than 4 years had lapsed when the same was filed. The Director explained that the running of the prescriptive period for filing administrative action in the BLA is not suspended by any party's act, such as writing demand letters or

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[3] Complaint, pp. 8-9.
[4] Verified Answer, pp. 2-3, 9, November 11, 2011.
[5] *Id.*, p. 6.
[6] *Id.*, pp. 7-8.
[7] *Id.*, p. 16.

discussions for the settlement of the case. The Director also noted that the exchange of letters between the parties was in early 2007 and yet the Appellant only filed the case in October 14, 2011.

Hence, this Appeal.

Was the Appellant's Complaint barred by prescription?

We rule in the positive. Section 1, Rule 2 of the Rules and Regulations on Administrative Complaints for Violation of Law Involving Intellectual Property Rights governs the issue of whether or not the subject Complaint is barred by prescription, to wit:

> Section 1. *Complaint, When and to Whom Filed* – All administrative complaints for violation of the IP Code or IP Laws shall be commenced by filing a verified complaint with the Bureau within four (4) years from the date of commission of the violation, or if the date be unknown, from the date of discovery of the violation. XXX

The BLA Director correctly ruled that "when the Complainant lodged the administrative case for trademark infringement against Respondent with the BLA on October 14, 2011, it is already more than four (4) years, and as such the Complainant was already barred from filing the complaint."[8]

Significantly, Sec. 230 of the IP Code provides that in all inter partes proceedings in the Office under the Act, the equitable principles of laches, estoppel and acquiescence may be considered and applied, where applicable.

Thus, in the present case, laches can be deemed to have set in, as the discovery by the Appellant of the alleged infringing acts by the Appellee was obviously prior to the former's cease and desist letter against the latter, dated January 22, 2007.[9] Accordingly, the complaint should have been filed even prior to January 22, 2011.

In a case that involved the failure of the petitioners to revive their patent applications in view of the negligence of their patent attorneys to file the petitions for revival within the prescribed time to file, the Supreme Court held that the petition could not be granted because of laches. Prior to the filing of the petition for revival of the patent application with the Bureau of Patents, an unreasonable period of time had lapsed due to the negligence of petitioners' counsel. By such inaction, petitioners were deemed to have forfeited their right to revive their applications for patent.[10]

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[8] *Id.*, at third page.
[9] *See* Complaint, dated October 12, 2011.
[10] Lothar Schuartz et al., v. Court of Appeals and Bureau of Patents, Trademarks and Technology Transfer, G.R. No. 113407, July 12, 2000.

Imperative justice requires the correct observance of indispensable technicalities precisely designed to ensure its proper dispensation. Procedural rules, the Supreme Court held, are not to be disdained as mere technicalities that may be ignored at will to suit the convenience of a party. Adjective law is important in ensuring the effective enforcement of substantive rights through the orderly and speedy administration of justice. These rules are not intended to hamper litigants or complicate litigation but, indeed to provide for a system under which a suitor may be heard in the correct form and manner and at the prescribed time in a peaceful confrontation before a judge whose authority they acknowledge. It cannot be overemphasized that procedural rules have their own wholesome rationale in the orderly administration of justice. Justice has to be administered according to the Rules in order to obviate arbitrariness, caprice, and whimsicality.[11]

The High Court explained that the danger wrought by non-observance of the Rules is that the violation of or failure to comply with the procedure prescribed by law prevents the proper determination of the questions raised by the parties with respect to the merits of the case and makes it necessary to decide, in the first place, such questions as relate to the form of the action. They are matters of public order and interest which can in no wise be changed or regulated by agreements between or stipulations by parties to an action for their singular convenience.[12]

WHEREFORE, in view of all the foregoing, the instant appeal is hereby DENIED and Order No. 2012-03(D) issued by the Director of the Bureau of Legal Affairs dated October 10, 2012 is hereby AFFIRMED.

Let a copy of this Decision be furnished the Director of the Bureau of Legal Affairs for appropriate action, and the trademark application as well as the records be returned to her for proper disposition. Further, let the Directors of the Bureau of Trademarks and the library of the Documentation, Information and Technology Transfer Bureau be furnished copies hereof for information and guidance.

SO ORDERED.

DEC 15 2014 , Taguig City, Philippines.

RICARDO R. BLANCAFLOR
Director General

[11] Republic vs. Hernandez, G.R. No. 117209, 253 SCRA 509, (09 February 1996).
[12] Republic vs. Hernandez, supra.