



CO IT a.k.a. GONZALO CO.,
Petitioner,

-versus-

GREEN CROSS INCORPORATED,
Respondent-Registrant.

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}
} IPC No. 14-2012-00160
} Cancellation of:
} Reg. No. 4-1997-124075
} Date Issued: 11 March 2004
} TM: "ZONROX"
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NOTICE OF DECISION

DE JESUS MANIMTIM & ASSOCIATES
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GREETINGS:

Please be informed that Decision No. 2015 - 08 dated January 29, 2015 (copy enclosed) was promulgated in the above entitled case.

Taguig City, January 29, 2015.

For the Director:


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



CO IT, a.k.a. GONZALO CO,

Petitioner,

IPC No. 14-2012-00160

-versus-

Cancellation of:
Registration No. 4-1997-124075
Issued: 11 March 2004
Trademark: "ZONROX"

GREEN CROSS, INCORPORATED,

Respondent-Registrant.

X-----X

Decision No. 2015- 08

DECISION

CO IT, a.k.a. GONZALO CO¹ ("Petitioner") filed a petition to cancel Certificate of Registration No. 4-1997-124075. The registration, issued in favor of Green Cross, Incorporated² ("Respondent-Registrant"), covers the trademark "ZONROX" for use on "bleaching liquid" under Class 1 of the International Classification of Goods and Services.³

The Petitioner alleges:

X X X

"3. In 1952, PETITIONER established his single proprietorship under the business name 'GONZALO LABORATORIES', using thereon his first name, and started the manufacturing and distribution initially of alcohol products under the brand name 'GREEN CROSS', and in 1954, of bleaching liquid products, which were subsequently sold under the brand name 'ZONROX'.

"4. In 1964, PETITIONER, under his single proprietorship 'GONZALO LABORATORIES', filed an Application for Registration of his Trademark 'ZONROX' on bleaching liquid, which was favorably considered by the then Philippine Patent Office, and in November 12, 1964 was issued his Certificate of Trademark Registration No. 11525 (Series No. 10448) under the provisions of R.A. 166, otherwise known as the Trademark Law.

"5. In 1974, PETITIONER filed a second Application for Registration of his Trademark 'ZONROX and Device' under the firm name GONZALO LABORATORIES, INC. likewise under R.A. 166. The Application ripened into Certificate of Registration No. 23817 dated July 22, 1976, with a duration of twenty (20) years from date of issuance.

¹ A Filipino and a resident of No. 2639 P. Zamora Street, Pasay City, Metro Manila.

² A domestic corporation duly organized and existing under the laws of the Republic of the Philippines, with business address at 14th Floor, Common Goal Tower, Finance corner Industry streets, Madrigal Business Park, Muntinlupa City.

³The Nice Classification is a classification of goods and services for the purpose of registering trademark and service marks, based on a multilateral treaty administered by the World Intellectual Property Organization. The treaty is called the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks concluded in 1957.

"6. On February 11, 1986, PETITIONER filed another Trademark Application for the same 'ZONROX and Device' and was issued Certificate of Trademark Registration No. 38799 on April 28, 1988 but it was later cancelled due to non-filing of the Affidavit of Actual Use, which was an excusable lapse since all these years, PETITIONER had been using the Trademark 'ZONROX' on his bleaching liquid product.

"7. On August 27, 1997, RESPONDENT filed its Application for Trademark Registration (after its Trademark Application for 'ZONROX' and Device was considered abandoned), and was issued Certificate of Registration No. 4-1997-124075 (the Registration sought to be cancelled in this Petition) on March 11, 2004, with a duration of another twenty (20) years since it was filed under R.A. 166.

"8. It is important to note that when the second Application for Registration of the Trademark ZONROX for bleaching liquid, which resulted in Certificate of Registration No. 23817, was filed in 1974 by PETITIONER, under the firm name 'GONZALO LABORATORIES, INC.' he cited his date of 'first use' as January 15, 1960 under R.A. 166.

"9. In comparison, RESPONDENT CORPORATION'S Application bearing the Certificate of Registration No. 124075 and sought to be cancelled in this Petition, bear a date of first use of January 15, 1960. This date was later confirmed when RESPONDENT CORPORATION filed its Trademark Application for ZONROX in August 27, 1997. The said Application categorically stated that the date of first use was January 15, 1960. xxx

"10. In February 1998, this Office inquired from RESPONDENT CORPORATION whether the Application, Annex 'A' then pending, as to the applicable law to be enforced in said Application.

"11. RESPONDENT CORPORATION was given until December 30, 1998 to inform this Office whether the said Application for Registration was to be processed under the Intellectual Property Code, R.A. 8293 or R.A. 166, the Trademark Law. xxx

"12. On December 10, 1998, RESPONDENT CORPORATION, replied that it manifested that the prosecution of the aforementioned Application (Annex 'A') be continued under the provisions of the old Trademark Law, Republic Act 166, as amended.

"13. Under R.A. 166, Applications for Trademark Registration are based on the doctrine of 'FIRST USE', while the present Intellectual Property Code R.A. 8293 subscribes to the 'FIRST TO FILE' doctrine on Trademark Applications.

"14. In either case, PETITIONER had used the Trademark ZONROX on his bleaching liquid in 1954 after he started his business in 1952 under his then single proprietorship 'GONZALO LABORATORIES'.

"15. GONZALO LABORATORIES, INC. became a corporation only in August 1971 but Petitioner never relinquished his creation, authorship and ownership of the Trademark ZONROX for bleaching liquid.

"16. In fact, the 'date of first use' was reiterated in the Declaration of Actual Use filed by RESPONDENT CORPORATION through its Vice-President for Operations, Michael Co, on November 29, 2001 when RESPONDENT CORPORATION categorically stated that the 'DATE OF FIRST USE' of Trademark ZONROX was on January 15, 1960.

"17. Since RESPONDENT CORPORATION 'opted' to prosecute the filing of its Trademark Application for ZONROX under R.A. 166, it goes without saying, that

PETITIONER's date of 'first use' in January 15, 1960 would prevail on the basis of said law and jurisprudence.

"18. PETITIONER remains the real and original owner, and creator, of the Trademark 'ZONROX' for bleaching liquid. xxx

"19. When GONZALO LABORATORIES, INC. was incorporated, PETITIONER owned 100% of the total assets. He also owned the Certificates of Registration of the Trademark Green Cross for rubbing alcohol and Zonrox for bleaching liquid. He assigned to the newly formed Corporation the physical assets thereof including some cash money to 'capitalize' the incorporation. However, he never included the Certificate of Registration for the Trademark ZONROX.

"20. GONZALO LABORATORIES, INC. merely continued the business of PETITIONER's single proprietorship. The only difference is that it was registered as a corporation. Since PETITIONER owned the single proprietorship 100%, it followed that he also owned the Corporation 100%.

"21. PETITIONER wishes to emphasize that he was the only one who paid the whole P70,000.00 'paid-up' capitalization. All subscription rights belong to him.

"22. None of PETITIONER's brothers, sister and parents paid a single centavo on the 'paid up' capital of GONZALO LABORATORIES, INC. PETITIONER included them as stockholders in the 'incorporated' single proprietorship to comply with the requirements of the Corporation Law that there should be at least five (5) stockholders in a corporation.

"23. PETITIONER placed an equivalent of 15% from his total shareholdings of 100% in the names of his parent, sister and brothers only by way of implied trust. Out of his 100% shareholdings, PETITIONER retained in his name 85% of the capital stock of GONZALO LABORATORIES, INC.

"24. Instead of showing their appreciation for his generosity, his brothers and sister, after taking away PETITIONER'S business, gradually ousted him therefrom. However, for purposes of this action, his Trademark 'ZONROX' for bleaching liquid, remained his own.

"25. RESPONDENT CORPORATION cannot challenge PETITIONER's first use, authorship, real and original creation, and first registration of the Trademark 'ZONROX'. PETITIONER had, and has no intention, to part with his ownership of said Trademark.

"26. RESPONDENT's refusal to return this Trademark to PETITIONER amounts to illegally misappropriating or converting the said Trademark's ownership, to the prejudice of the PETITIONER. RESPONDENT CORPORATION has the obligation to return the said Trademark to the PETITIONER.

"27. It must be pointed out that the subject Trademark is the PERSONAL PROPERTY of the PETITIONER who created, authored and first used the same in 1954. Since it was first registered in the name of PETITIONER, under his single proprietorship 'GONZALO LABORATORIES', the said Trademark was not included among the assets transferred when PETITIONER's single proprietorship was incorporated in 1971.

"28. The fact is undeniable that when RESPONDENT CORPORATION re-filed its Application for Trademark Registration of the ZONROX mark, it stated the same 'date of first use' as cited by PETITIONER in his first application for registration, the date 'January 15, 1960'.

"29. The said date of first use has been declared consistently in the various Trademark Applications filed by RESPONDENT CORPORATION. The reason for the filing of several Applications was the failure to file the required Affidavit of Use every five (5) years (within the 20-year period), then required under R.A. 166 (Trademark Law).

"30. The 'basis' for 'registrability' of the Trademark 'ZONROX' was R.A. 166 which required that an Affidavit of 'Actual Use' of the Trademark be filed every five (5) years. x x x

"31. The issuance by this Office on March 11, 2004 of Certificate of Trademark Registration No. 4-1997-124075 was invalid and void, because the Trademark ZONROX, since 1954, had been used by PETITIONER, having started his business under the firm name 'GONZALO LABORATORIES' in 1952. PETITIONER has not given up on his ownership since 1954. xxx

"32. PETITIONER respectfully and continuously ASSERTS HIS RIGHT OF OWNERSHIP over the Trademark ZONROX which, by law and reality, solely belongs to him as the FIRST USER, author, real and original registrant, and hereby seeks to refrain, stop and prevent the continuing claim of false ownership over it by RESPONDENT CORPORATION. Petitioner's 'first use' under R.A. 166, the basis of the original registration, is proven by the Trademark Examiner Norma Balmas' summary of the Trademark Application for ZONROX xxx

The Petitioner's evidence consists of the following:

1. Copy of the Trademark Application Serial No. 124075;
2. Copy of Paper No. 3 with mailing date 17 February 1998;
3. Copy of Respondent-Registrant's Reply to said Paper No. 3;
4. Copy of Trademark Application Serial No. 41997124075, filed on 27 August 1997;
5. Copy of Certificate of Registration No. 4-1997-124075;
6. Copy of list of trademarks registered with the Philippines Patent Office; and
7. Affidavit of the Petitioner, dated 26 March 2012.⁴

This Bureau issued a Notice to Answer and served a copy thereof upon Respondent-Registrant on 07 June 2012. The Respondent-Registrant filed its Answer on 18 July 2012, alleging the following:

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"Arguments and Affirmative Defenses

"18. Green Cross respectfully opposes the present Petition and states that it should be dismissed on the following grounds:

- a. There is no cause of action against Green Cross or for the cancellation of the registration in its name of the marks 'ZONROX' and 'ZONROX & Device'.

⁴ Attached as Annexes "A" to "F", inclusive.

- b. The IPO has no jurisdiction over the issue of stock ownership of Green Cross or over Petitioner Co It's alleged 100% ownership of Green Cross.
- c. Petitioner Co It is barred by laches and prescription from belatedly contesting the registration of the marks 'ZONROX' and 'ZONROX & Device'.

"Discussion

x x x

"19. Sometime in the 1950s, Mr. Co Ay Tian, father of Petitioner Co It, decided to establish a family business. On 01 May 1952, the family business under the name and style 'Gonzalo Laboratories' was established as a single proprietorship under the name of Petitioner Co It since, at the time, he was the only one among Mr. Co Ay Tian's children who was of majority age. Petitioner Co It is the eldest child of Mr. Co Ay Tian. Attached is the Affidavit of Anthony Co, President of Green Cross and brother of Petitioner Co It, as Exhibit '4'. Mr. Co Ay Tian decided to name the business 'Gonzalo Laboratories' following the Chinese tradition of naming a business after the first-born son. However, it was made clear to Petitioner Co It then that the business set up and funded with their father's savings was for Mr. Co Ay Tian's entire family and not for Gonzalo alone.

"20. It was Mr. Co Ay Tian who provided the initial capital using his life savings and the family business was formally organized under Petitioner Co It's name for the reasons mentioned. The entire family played various roles in the operation of the business but it was Mr. Co Ay Tian himself who was the over-all head of the business and personally supervised its operation. Further bolstering the position that Gonzalo Laboratories was actually a family business rather than a business that Petitioner Co It alone owned is the fact that – according to Petitioner Co It himself – sometime in 1965 or when the company 'was then on the verge of bankruptcy', Petitioner Co It's brother Mr. Joseph A. Co took charge of managing the business and the marketing of its products.

"21. These facts were admitted by Petitioner Co It himself in an Affidavit he executed on 27 March 1992 and submitted to the National Labor Relations Commission ('NLRC') in relation to NCR Case No. 07-04342-91. It must be noted that, in that Affidavit, he repeatedly refers to Gonzalo Laboratories as 'our business' instead of 'my business'. In addition, Petitioner Co It again admitted these facts during his testimony on 02 April 1992, before Labor Arbiter Potenciano S. Canizares Jr., in relation to NCR Case No. 07-04342-91.

"22. The pertinent provisions of Petitioner Co It's Affidavit in the NLRC case state:

4. That prior to May 1952, while I was with the Manila Commercial Company in Binondo, Manila, I decided and planned to establish our family business wherein my father, Mr. Co Ay Tian, would contribute a substantial capital. As planned, I indeed formally set up in May 1, 1952 a single proprietorship then known as Gonzalo Laboratories engaged in repacking and manufacturing of rubbing alcohol, after my resignation from the Manila Commercial Company in April 30, 1952.

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7. That is was in the mid-60's when I talked to my brother, Joseph A. Co, who was then a newly college graduate, to take charge and manage the business, more particularly, the marketing aspects which included the handling of personnel because at that time I perceived that his skill and education would improve our business which was then on the verge of bankruptcy;

8. In 1971, Gonzalo Laboratories was incorporated in order to meet the demands of expansion, as our business then under the management of my brother, Joseph A. Co, was improving;
xxx

"23. Likewise, pertinent provisions of the Transcript of Stenographic Notes ('TSN') of Petitioner Co It's testimony therein states:

xxx

"24. Sometime in 1970, Mr. Co Ay Tian and the rest of the family decided that the family business, Gonzalo Laboratories, should be dissolved and a new corporation created in its place for the reason that all of Petitioner Co It's siblings had already reached the age of majority. Peter, the youngest sibling, reached the age of 21 in 1970.

"25. On 11 August 1971, Gonzalo Laboratories was incorporated, creating Gonzalo Laboratories Incorporated or 'GLI', with SEC Registration No. 44995. Attached is a certified copy of the SEC Registration No. 44995 and the Articles of Incorporation as Exhibits '7' and '8', respectively. The family business registered as the sole proprietorship Gonzalo Laboratories was thereafter dissolved upon instructions of Mr. Co Ay Tian.

"26. GLI remained a family-owned business, with 50% of the stock initially registered under Petitioner Co It's name while the other 50% was initially registered in the name of Petitioner Co It's mother Ang Si, and his siblings Anthony, Joseph, and Mary. It is clear that Petitioner Co It did not own 100% of GLI stocks. Not then; not now.

"27. Beginning 1974, several voluntary transfers of GLI stocks occurred among the members of the Co family. Eventually, on 19 December 1986, Petitioner Co It voluntarily sold almost all of his shares in GLI to his father, mother, and siblings.

"28. On 30 June 1987, Petitioner Co It entered into an Agreement with the other stockholders of GLI wherein Petitioner Co It was allowed to continue participating in the management of GLI as its Chairman. To facilitate such activities one (1) share of stock owned by GLI was placed under Petitioner Co It's name. xxx

"29. On 22 August 1989, GLI changed its corporate name to Green Cross Incorporated, or 'Green Cross', Respondent-Registrant in the present case. xxx

"30. On 11 January 1997, Petitioner Co It disclosed to the family that his health was failing and thus entered into a Memorandum of Amended Agreement with the rest of the stockholders, namely his siblings Anthony, Peter, Mary, and So Hua T. Co, wife of the deceased sibling Joseph. Petitioner Co It returned the one (1) share of stock of Green Cross placed in his name. He also permanently resigned from his position as Chairman of the Board and from any other capacity in the corporation. Since then, he has ceased exercising any rights as stockholder and board member. xxx

"31. Therefore, at the time of the application of Green Cross in August 1997 for registration of the marks 'ZONROX' and 'ZONROX & Device', Petitioner Co It did not own any share of stock in Green Cross. He did not exercise any of the rights granted by law to a stockholder and he ceased having any inchoate right in any property owned by Green Cross, including the challenged trademarks.

"THE 'ZONROX' TRADEMARK

"32. On 15 January 1960, Gonzalo Laboratories began manufacturing and selling bleaching liquid under the name 'ZONROX'.

"33. On 23 September 1963, Petitioner Co It filed with the then PPO an application to register the mark 'ZONROX' for bleaching liquid on the basis of the use of the mark in the operation of the family business since 1960. The application was revived on 30 May 1964 and it was published in the Official Gazette on 28 August 1964. xxx

"34. This application was granted and the said trademark was registered in the Principal Register of the PPO on 12 November 1964, as evidenced by Certificate No. 11525. xxx

"35. However, Certificate of Registration No. 11525 was cancelled for failure to file the required Affidavit of Use on time.

"36. On 04 May 1974, Petitioner Co It voluntarily executed on Affidavit wherein he explicitly and categorically assigned to GLI 'any and whatever right' he may have on the trademark 'ZONROX'. This Affidavit was notarized by Atty. Leoncio C. Jimenez on even date. The Affidavit states:

1. That I am the registered trademark owner of ZONROX, as per Certificate No. 11525, dated November 12, 1964;
2. That due to overlook on my part, I have failed to execute the necessary affidavit of use on time;
3. That I have allowed the Gonzalo Laboratories Inc., to use the said trademark since its incorporation, to wit in August, 1971.
4. That the said Gonzalo Laboratories Inc. is applying for the registration in its name the said trademark ZONROX;
5. That I affirm that I have no objection to the said application, and that by virtue hereof, I assign to the said corporation any and whatever right I may have on the said trademark in favor of the Gonzalo Laboratories Inc.

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"37. Thus, on 17 May 1974, GLI applied with the then PPO for the registration of the trademark 'ZONROX' in its name and the Affidavit of Assignment was included in the application. Notably, Petitioner Co It signed the application as GLI's President. xxx

"38. The said application was published and, as far as Green Cross is aware, no opposition thereto was raised. Thus, on 22 July 1976, Certificate of Registration No. 23817 for the trademark 'ZONROX' was issued in favor of GLI which was valid for twenty (20) years or until 22 July 1996. xxx

"39. In 1982 and 1986, GLI filed Affidavits of Use for the trademark 'ZONROX', to fulfill the requirements of law to maintain such trademarks. It is important to note that these Affidavits of Use were signed by Mr. Joseph Co, as Vice-President of GLI. xxx During these times, Petitioner Co It was still connected with GLI as its President.

"40. On 06 December 1991, Green Cross submitted its Affidavit of Use for the trademark 'ZONROX', which again was signed by Mr. Joseph Co on behalf of Green Cross.

"41. The registration for the mark 'ZONROX' expired in 1996. Inadvertently, Green Cross failed to renew its trademark registration. Hence, on 27 August 1997, Green Cross applied for re-registration of the trademark 'ZONROX' in its name. xxx

"42. It should be recalled that starting 11 January 1997, Petitioner Co It ceased playing any part in Green Cross since he resigned from the Board and completely divested himself of any shares in the company.

"43. As far as Green Cross is aware, no objections were interposed after the application was duly published according to law. In the interim, R.A. 8293, otherwise known as the Intellectual Property Code was enacted. Green Cross opted to continue the registration of 'ZONROX' under the provisions of R.A. 166, otherwise known as the Trademark Law.

"44. On 27 November 2001, Mr. Michael Anthony Y. Co, as AVP-Operations of Green Cross, filed a Declaration of Actual Use for 'ZONROX' on behalf of the company Green Cross. xxx

"45. Thus, on 11 March 2004, the IPO granted Certificate of Registration No. 4-1997-124075 for 'ZONROX' in favor of Green Cross with validity of twenty (20) years or until 11 March 2024. Green Cross has continued to be the sole owner and actual user of the trademark 'ZONROX' to this date.

"46. In March 2009, Ms. Joanna Co-Yap, as AVP-Corp. Services of Green Cross, filed the fifth year anniversary Declaration of Actual Use for 'ZONROX' on behalf of the company. xxx

"THE 'ZONROX & DEVICE' TRADEMARK

"47. On 02 January 1982, GLI/Green Cross redesigned its packaging and label for its bleaching product, using a stylized font for the mark 'ZONROX' placed on top of several arrows. Thus, on 11 February 1986, to protect the stylized font of the mark together with the arrow design, GLI filed an application with the Bureau of Patents, Trademarks and Technology Transfer ('BPTTT'), for the trademark 'ZONROX & Device'.

"48. On 29 April 1988, Certificate of Registration No. 38799 was issued in favor of GLI. xxx

"49. As a result of GLI's change of name into Green Cross on 22 August 1989, the corporation wrote a letter dated 11 May 1991, wherein Mr. Joseph Co as Vice President of Green Cross informed the BPTTT of GLI's change in corporate name to Green Cross and furnished the BPTTT with a copy of GLI/Green Cross' Certificate of Amended Articles issued by the SEC. xxx

"50. The registration for the mark 'ZONROX & Device' expired in 1993. Inadvertently, Green Cross failed to renew its trademark registration. Hence, on 27 August 1997, Green Cross applied for re-registration of the trademark 'ZONROX & Device' in its name. xxx

"51. In the interim, R.A. 8293 was enacted and Green Cross opted to continue the registration of 'ZONROX & Device' under the provisions of R.A. 166.

"52. On 27 November 2001, Mr. Michael Anthony Y. Co, as AVP-Operations of Green Cross, filed a Declaration of Actual Use for 'ZONROX & Device' on behalf of the company Green Cross. xxx

"53. In 2003, the now IPO issued a Notice of Allowance and Payment of Publication Fee to Green Cross, regarding its application for the registration of 'ZONROX & Device' Then in February 2004, the Green Cross application for re-registration of this mark was published in the Official Gazette. xxx As far as Green Cross is aware, no one, not even Petitioner Co It, filed any opposition to the registration of this mark.

"54. Thus, on 11 March 2004, the IPO issued Certificate of Registration No. 4-1997-124076 for 'ZONROX & Device' in favor of Green Cross with validity of twenty (20) years or until 11 March 2004. Green Cross has continued to be the sole owner and actual user of the trademark 'ZONROX & Device' to this date. xxx

"55. In March 2009, Ms. Joanna Co-Yap, as AVP-Corp. Services of Green Cross, filed the fifth year anniversary Declaration of Actual Use for 'ZONROX & Device' on behalf of the company. xxx

"56. Green Cross also respectfully points out that:

x x x

"57. The IPO issued Office Order No. 99, Series of 2011, stating that Rules of Court are of suppletory application in Inter Partes proceedings. Accordingly, Sec. 2 Rule 3 of the Rules of Court, states that a cause of action is an 'act or omission by which a party violates a right of another'. The case of Drilon vs. Court of Appeals clarified that:

'A cause of action exists if the following elements are present: (1) a right in favor of the plaintiff by whatever means and under whatever law it arises or is created; (2) an obligation on the part of the named defendant to respect or not to violate such right; and (3) an act or omission on the part of such defendant violative of the right of the plaintiff or constituting a breach of the obligation of defendant to the plaintiff for which the latter may maintain an action for recovery of damages.'

"58. None of the above requisites are present in this ca. Petitioner Co It has no right to the trademarks 'ZONROX' or 'ZONROX & Device'. Therefore, there is no obligation on the part of Green Cross to respect or not to violate any such non-existent right. Furthermore, at no time did Green Cross, not even while it was still named GLI, violate any right of Petitioner Co It, whether by act or or omission. Based on this definition and the facts recounted, the present Petition for Cancellation has no basis because Petitioner Co It has no cause of action against Green Cross or for the cancellation of either trademark.

x x x

"59. Petitioner Co It grounds his Petition for Cancellation on the claim that he is the real owner of the trademarks and he has not given up said ownership. Green Cross vehemently disagrees. Assuming for the sake of argument that Petitioner Co It initially had rights over the mark 'ZONROX', since 1974, he has had no right whatsoever over this trademark. As early as 04 May 1974, Petitioner Co It already assigned 'any and whatever right' he may have over the said trademark 'ZONROX' in favor of GLI. The Affidavit that he himself submitted to the PPO together with the application he filed on GLI's behalf for the registration of that mark in GLI's name states in part:

'5. That I affirm that I have no objection to the said application, and that by virtue hereof, I assign to the said corporation any and whatever right I may have on the said trademark in favor of the Gonzalo Laboratories Inc.

"60. There was a need to execute the assignment to reflect the truth that the trademark really belonged to the family business. As the assignment of the trademark was made in 1974, it was subject to the provisions of R.A. 166. Sec. 31 of R.A. 166 states:

'Section 31. Rights assignable and form of assignment. - A registered mark or trade-name, or one for which application to register has been filed shall be assignable with the goodwill of the business in which the mark or trade-name is used, or with that part of the goodwill of the business connected with the use of and symbolized by the mark or trade-name, and in such assignment it shall not be necessary to include the goodwill of the business connected with the use of and symbolized by any other mark or trade-name used in the business or by the name or style under which the business is conducted. Upon payment of the required fee, the Director shall record assignments in due form in books kept for that purpose.

'The assignment must be in writing, acknowledged before a notary public or other officer authorized to administer oaths or perform other notarial acts and certified under the hand and official seal of the notary or other officer.

'An assignment shall be void as against any subsequent purchaser for a valuable consideration without notice, unless it is recorded in the Patent Office within three months after the date thereof or prior to such subsequent purchase.'

"61. Petitioner Co It was of sound mind when he assigned these rights and he did so out of his own volition. He was not forced to part with his ownership over the trademark 'ZONROX', nor was he coerced, subjected to undue influence, or induced by fraudulent means. In this regard, as explained above, it should be noted that Petitioner Co It himself submitted this affidavit to the PPO in connection with GLI's application for the registration of the trademark 'ZONROX' in 1974, which application Petitioner Co It had signed as GLI's President. That he himself submitted this affidavit to the PPO proves that he executed this feely and voluntarily.

"62. The assignment by Petitioner Co It was executed in a written affidavit duly subscribed and sworn before before Atty. Leoncio C. Jimenez, a notary public. Hence, it complies with the requirements that it be written and notarized laid down in R.A. 166 and is therefore valid and binding between the parties. Thus, Green Cross did not violate any right of Petitioner Co It over the mark, since Petitioner Co It himself had already assigned this mark to it. GLI/Green Cross is the assignee of the trademark 'ZONROX'.

"63. In paragraphs 15, 18, 25, 26 and 31 of the Petitioner for Cancellation, Petitioner Co It claims that he is the real owner of the trademark and he has not given up said ownership. Petitioner Co It also executed an Affidavit dated 26 March 2012 and attached to it to the present Petition. In paragraph 5 of his 26 March 2012 Affidavit, Petitioner Co It states thus:

'In 1971, I incorporated Gonzalo Laboratories Inc., with my parents and siblings as among the five (5) incorporators. The paid-up capital came from my personal funds. When I assigned the 'assets' of my single proprietorship (Gonzalo Laboratories) to the incorporated company (Gonzalo Laboratories Inc.), I did not assign any trademark registered under my name, including the ZONROX trademark.

"64. These claims are contradicted by the 04 May 1974 Affidavit of Petitioner Co It himself. The Affidavit states:

'1. That I am the registered trademark owner of ZONROX, as per Certificate No. 11525, dated November 12, 1964;

'2. That due to overlook on my part, I have failed to execute the necessary affidavit of use on time;

'3. That I have allowed Gonzalo Laboratories, Inc., to use the said trademark since its incorporation, to wit in August 1971.

'4. That the said Gonzalo Laboratories Inc. is applying for the registration in its name the said trademark ZONROX;

'5. That I affirm that I have no objection to the said application, and that by virtue hereof, I assign to the said corporation any and whatever right I may have on the said trademark in favor of Gonzalo Laboratories Inc.'

"65. Clearly, Petitioner Co It perpetuates a willful, deliberate, and blatant falsehood in the Petition for Cancellation and in his Affidavit dated 26 March 2012, because he knew that he had executed the 04 May 1974 Affidavit assigning all of his alleged rights over 'ZONROX' to GLI which affidavit he himself had submitted to the PPO when GLI applied for the re-registration of this mark with that office.

"66. The assignment in 1974 was executed by Petitioner Co It freely and is valid, legal, and subsisting in light of R.A. 166. Like with all valid assignments, this includes a transfer of all the rights, privileges, and remedies available to the assignor. A recorded assignee is considered owner on record and therefore will be recognized in actions before the IPO.

"67. Thus, even if Certificate of Registration No. 11525 for "ZONROX" was issued in the name of Petitioner Co It, all rights of ownership over it had already

been transferred by him to GLI. Since GLI, assignee of Petitioner Co It, is the same as Green Cross, the trademark application filed in 1997 by Green Cross was a valid act. Therefore, Green Cross did not violate any right of Petitioner Co It over the mark.

"68. Hence the present Petition for Cancellation is groundless and baseless, and should be denied by this Honorable Office.

x x x

"69. On the other hand, as explained above, 'ZONROX & Device' was first conceptualized and used in the market by GLI/Green Cross on 02 January 1982. Although Petitioner Co It was at that time a stockholder and President of GLI, this mark was never registered by him in his personal capacity. From the very outset, it was the corporation now known as Green Cross which registered, and which manufactured, sold, distributed, and marketed the bleaching liquid bearing, the mark 'ZONROX & Device'.

"70. Likewise, Petitioner Co It cannot claim that he owns the mark 'ZONROX & Device' on the ground that he is the first registrant of the mark. Indeed, 'ZONROX & Device' was never registered in his name. As mentioned, his only involvement in its registration is the fact that he was a stockholder and President of GLI at that time. The application filed for its registration was filed, not by him, but by GLI on 11 February 1986. Petitioner Co It's position in the company did not grant him any vested personal rights over the trademark. It has always been owned by GLI/Green Cross; Petitioner Co It has no right to pray for its conveyance to him.

x x x

"71. Petitioner Co It continuously claims that he is the sole proprietorship Gonzalo Laboratories and therefore, he is also the corporations GLI and Green Cross; and because he is Green Cross, the trademarks 'ZONROX' and 'ZONROX & Device' are properly his. He is also misguided enough to claim, in paragraph 20 of the Petition, that since the proprietorship is allegedly 100% his, then the corporation is 100% his. Green Cross vehemently disagrees with his claims, because these claims have no basis in fact or law.

- a. GLI/Green Cross is an entity separate and distinct from Petitioner Co It. The Doctrine of Separate Juridical Personality is basic in Corporation Law and means that a corporation is a legal or juridical person with a personality separate and apart from its individual stockholders or members and from any other legal entity to which it may be connected. In the case of Boyer-Roxas vs. Court of Appeals, the Supreme Court states:

'As a legal entity, a corporation has a personality distinct and separate from its individual stockholders or members and from that of its officers who manage and run its affairs.'

- b. Petitioner Co It was an officer and a stockholder of the said corporation, as shown in the Articles of Incorporation attached. He was not and is not the corporation, contrary to his claims in the Petition, and he cannot claim ownership over the trademarks by virtue of his being a stockholder. The Supreme Court has repeatedly held that 'shareholders are in no legal sense the owners of corporate property, which is owned by the corporation as a

distinct legal person'. Hence, when Petitioner Co It validly assigned the mark 'ZONROX' to GLI, the trademark indisputably became part of corporate assets of GLI. On the other hand, 'ZONROX & Device' has always been part of the corporate assets of GLI since it was created in 1982 and registered in 1988 by the corporation. When GLI changed its name to Green Cross, it retained ownership over both the 'ZONROX' and 'ZONROX & Device' marks.

"72. The 17 May 1974 application for registration of 'ZONROX' was indeed signed by Petitioner Co It, but he signed it on behalf of GLI as its President, as seen in Exhibit '15'. He did not apply for registration in his personal capacity. On the contrary, he even submitted an affidavit with that application where he wrote under oath that he was assigning the mark to GLI, which had been using the mark since its incorporation. Consequently, the then PPO issued Certificate of Registration No. 23817 on 22 July 1976 in favor of GLI and not Co It.

"73. The subsequent Affidavits of Use and applications for re-registration of 'ZONROX' by GLI and Green Cross were signed by other officers of the company such as Mr. Joseph A. Co, Mr. Anthony A. Co and Mr. Michael Anthony Y. Co. Since 1976, the Certificates of Registration of the mark 'ZONROX' have been issued in the name of GLI or Green Cross and never Co It. It is telling that at no point did Petitioner Co It oppose these registrations in the name of GLI or Green Cross – even when he was for the most part of 1971 to 1997 either the President or Chairman of the Board of the company – thus, indicating that he knew that GLI/Green Cross has the rights over the trademark.

"74. With regard to the mark 'ZONROX & Device', its maiden application was filed by GLI itself and Certificate of Registration No. 38799 was issued in the name of GLI on 29 April 1988 and not Co It. Petitioner Co It never opposed this registration even if he was fully aware of it since he was still an active participant in the affairs of GLI. Again, this indicates that he knew that GLI/Green Cross has the rights over the trademark.

"75. When Green Cross applied for registration of 'ZONROX' and 'ZONROX & Device' on 27 August 1997, Petitioner Co It was not in any way affiliated with the corporation since he already divested himself of all interests and resigned his chairmanship therein on 11 January 1997. Therefore, when Certificate of Registration No. 4-1997-124075 and Certificate of Registration No. 4-1997-124076 were issued in 2004, he already ceased having any inchoate right in any property owned by Green Cross. Thus, he has no cause of action in the present case.

"76. Petitioner Co It never opposed these two 1997 applications and the fact that he did not oppose them indicates that he knew and acknowledged that Green Cross has rights over the trademarks.

"77. Petitioner Co It also anchors his claim of ownership of the mark 'ZONROX' on the fact that he started Gonzalo Laboratories as a single proprietorship which initially used that mark. The facts as stated by Green Cross show that it was merely a means by which the Co family, of which Petitioner Co It is only a member, started its business, given certain constraints during that time.

- a. Petitioner Co It himself acknowledged the fact that Gonzalo Laboratories was the business of the Co family in his Affidavit dated 27 March 1992, which he submitted to the NLRC in relation to NLRC Case No. 07-04342-91. Likewise, Petitioner Co It testified in the mentioned NLRC case that his father Mr. Co Ay Tian

provided capital for the family business and further testified that it was his father who managed and operated Gonzalo Laboratories until his brother Joseph A. Co took over the management of the business and the marketing of its products in the mid-1960s.

- b. Nevertheless, the claim of Petitioner Co It that he is the sole proprietor of Gonzalo Laboratories has no bearing in the present case because any claim he may have had over the trademark 'ZONROX' was legitimately assigned by him to GLI.

x x x

"78. Petitioner Co It's contention that he is the 100% owner of GLI/Green Cross is also contradicted by the fact that the original Articles of Incorporation of GLI submitted to the SEC, included herein as Exhibit '8', show that, from the time of the company's incorporation, there were other owners of the shares of stock of the company.

"79. In any event, the IPO has no jurisdiction to hear and decide issues of stock ownership and other intra-corporate disputes. Section 5.1 of R.A. 8293 states that the function of the IPO is to 'administratively adjudicate contested proceedings affecting intellectual property rights', among others. Thus, assuming for the sake of argument that he has a cause of action, Petitioner Co It should seek redress from the regular courts, pursuant to R.A. 8799, otherwise known as 'The Securities Regulation Code'.

"80. In fact, the issue of ownership over the corporations and the corresponding shares of stock have previously been raised by Petitioner Co It in criminal and civil cases he had filed against the present stockholders of Green Cross with various courts. The decisions in these cases, which were all dismissed with finality by the proper courts, are binding on Co It as to the ownership of Green Cross. Undoubtedly, this present case is just another attempt by Petitioner Co It to harass Green Cross and its present stockholders.

x x x

"81. Petitioner Co It repeatedly claims in the Petition that because the date of first use stated by GLI/Green Cross in its applications for registration of 'ZONROX' is 15 January 1960, which coincides with the date of first use he stated in the 1963 application, it means that he is still the owner of the mark. To this, Green Cross vehemently objects.

"82. R.A. 166, under which 'ZONROX' is presently registered, follows an actual use system and requires the declaration of actual use in the application. In this regard, Green Cross reiterates that Petitioner Co It validly assigned all of his alleged rights over 'ZONROX' to GLI/Green Cross in 1974. This valid assignment of the trademark to Green Cross carries with it not simply the ownership and use of the mark but also all rights and privileges that accompanies the mark.

"83. Naturally, when GLI/Green Cross states in its applications 15 January 1960 as date of first use, it was merely stating a fact which is borne by the records. It was logical and proper for Green Cross to state 15 January 1960 since this is the actual date of first use of 'ZONROX' in commerce by the family business, Gonzalo Laboratories.

"84. The date stated as first use of 'ZONROX' vests no rights in Petitioner Co It, in light of the fact of the valid assignment he made to GLI. Nothing in R.A. 166 or R.A. 8293 says that the first user will retain ownership of the trademark forever and as against the legitimate assignee. Hence, his argument to cancel the registration on the ground that he is the first user has no basis in law. His argument seems to be that a mark can never be assigned because its first user will forever be its owner; and this argument suffers from lack of legal basis and common sense.

"85. On the other hand, the date of first use stated in the application for registration of 'ZONROX & Device' is 02 January 1982 and it was first used by GLI in commerce. It was never used by Petitioner Co It in his personal capacity nor was any Certificate of Registration for it issued in his name. Hence, even following Petitioner Co It's flawed reasoning, 'ZONROX & Device' cannot be his because its date of first use is different from that of 'ZONROX's' 15 January 1960.

x x x

"86. As mentioned earlier, 'ZONROX' and 'ZONROX & Device' are two different marks with two separate and distinct Certificate of Registration. Yet, Petitioner Co It deliberately misleads this Honorable Office by seeking to cancel 'ZONROX' but basing some of his claims on the other mark.

"87. It also implies that Petitioner Co It does not even know the differences between the two trademarks and does not know which registration is which. On the contrary, an individual who truly owns a trademark will know its identity and how to differentiate it from others of its kind.

"88. Although the registrations of the two marks are independent of each other, the marks themselves are intimately related. Since 'ZONROX & Device' is undoubtedly owned by Green Cross, then logically and presumptuously, the trademark 'ZONROX' also belongs to Green Cross. It would be confusing to the public if the mark 'ZONROX' and 'ZONROX & Device' had different owners, and it would work to the weakening of Zonrox Bleaching Liquid's goodwill and trustworthiness that had been developed by GLI/Green Cross over the years.

"89. Green Cross reiterates that although the trademark 'ZONROX's' initial Certificate of Registration was issued in favor of Petitioner Co It, he willingly assigned all of his rights over it to GLI, now named Green Cross, in 1974 and GLI/Green Cross has exercised all rights of ownership over this mark to this date. He therefore has no basis to pray for its reconveyance to him.

x x x

"90. Assuming without conceding that Petitioner Co It had any rights over the trademarks, the length of time between Petitioner Co It's assignment of the trademark 'ZONROX', 'Green Cross' registration of the said trademark, and the present Petition are unmistakable indications that he had slept on his rights to bring any action against Green Cross.

"91. In Tijam vs. Sibonghanoy, the Supreme Court defined laches in this wise:

x x x

"92. The concept of laches is recognized as applicable in inter partes proceedings involving the Intellectual Property cases including this present case. R.A. 166 as amended, under which the trademarks were registered states:

Section 9-A. Equitable principles to govern proceedings: In opposition proceedings and all other inter partes proceedings and all other inter partes proceedings in the Patent Office under this Act, equitable principle of laches, estoppels and acquiescence where applicable, may be considered and applied.

"93. This provision was re-enacted in R.A. 8293, which states:

Section 230. Equitable Principles to Govern Proceedings. In all inter partes proceedings in the Office under this Act, the equitable principles of laches, estoppels, and acquiescence where applicable, may be considered and applied.

"94. In the case of Pagasa Industrial Corp. vs. Court of Appeals, the Supreme Court applied the principle of laches to a case involving trademark infringement. In this case, the Court said:

x x x

"95. Similar to the aforementioned case, if Petitioner Co It's claims were legitimate, he should have filed an opposition within thirty (30) days from publication of the applications filed by GLI/Green Cross for the mark 'ZONROX'. This is especially true since there were two applications filed over the years by GLI/Green Cross – in 17 May 1974 and 27 August 1997 – for the trademark 'ZONROX' which were not in his name but which he was actually or constructively aware of. In fact, Petitioner Co It himself signed the 17 May 1974 application on behalf of GLI and submitted with it an affidavit where he swore under oath that he was assigning the 'ZONROX' mark to GLI, which had been using the mark since its incorporation.

"96. Similarly, Petitioner Co It should also have filed an opposition within thirty (30) days from publication of the applications filed by GLI/Green Cross for the mark 'ZONROX & Device' if he had legitimate claims. In fact, GLI/Green Cross filed its first application on 11 February 1986 while Petitioner Co It was still an active participant in GLI/Green Cross; hence he knew of the registrations and yet did not seek to enforce his alleged rights then and there. Even if Petitioner Co It was no longer a part of Green Cross, the application for re-registration in 1997 was published, and this served as constructive notice to him of the undertaking. Once again, he did not oppose the registration even if he was aware of it.

"97. Consider the past thirty-six (36) years, counted from the 22 July 1976 issuance of the Certificate of Registration No. 23817 for 'ZONROX' and the twenty-four (24) years that have passed since GLI was issued the first registration of the mark 'ZONROX & Device', Certificate of Registration No. 38788. Through the years, GLI/Green Cross, has owned and used the two trademarks openly, notoriously, continuously and adversely, and it has earned the goodwill of the public for that brand.

"98. Petitioner Co It never raised any opposition to the registration of these marks in the name of GLI and then Green Cross. And because of the great lapse of time between these events and the present Petition, it must be concluded that he slept on his alleged rights and should be considered to have abandoned his claim, if any.

"99. Again, assuming without conceding that Petitioner Co It was misled into assigning all of his rights over 'ZONROX' to GLI, thirty-eight (38) years have passed since then. The length of time since its execution is an unmistakable

indication that he slept on his rights to bring any action against Green Cross in connection with that assignment.

"100. The Supreme Court has stated that 'actions for the annulment of contracts prescribe in four years. If the ground for annulment is vitiation of consent by intimidation, the four-year period starts from the time such defect ceases. The running of this prescriptive period cannot be interrupted by an extrajudicial demand made by the party whose consent was vitiated. If the facts demonstrating the lapse of the prescriptive period are apparent from the records, the complaint should be dismissed'.

"101. The Affidavit of assignment for 'ZONROX' was executed on 04 May 1974. Thirty-eight (38) years have passed since Petitioner Co It assigned any and all of his rights to GLI. Since then, to Green Cross's knowledge, Petitioner Co It has never reapplied for registration of the trademark in his name. Instead, during the course of these years, GLI/Green Cross has filed the required Affidavits of Use in 1982, 1986 and 1991. Petitioner Co It was part of GLI/Green Cross during these years until his retirement in 1997 and he was actually and fully aware that the company was using the trademark he had assigned and he made no move to challenge these acts. Because of this great lapse of time wherein Petitioner Co It could have brought action to nullify the assignment (assuming for the sake of argument that he had a cause of action to do so) and yet did not act upon it, Petitioner Co It should be considered to have abandoned his claim, if he had any at all.

"102. Clearly, Petitioner Co It slept on his rights to challenge the validity of the 1974 assignment.

"103. The assignment Petitioner Co It executed in favor of GLI is valid and subsisting and cannot now be challenged belatedly because of laches and prescription, in addition to plain lack of factual and legal basis.

"104. Through the efforts of Green Cross, 'ZONROX' and 'ZONROX & Device' have become the strong and trusted marks they are today. Petitioner Co It is not responsible for the impressive and continuing market growth that Zonrox Bleaching Liquid is experiencing in today's market. On the contrary, it is worth stressing that, again as further discussed in pars. 18 to 20 above, Petitioner Co It himself stated under oath in 1992 that his brother Mr. Joseph A. Co rescued the business from 'the verge of bankruptcy' when the latter took charge of managing the business and the marketing of its products in the mid-1960s. This disproves Co It's claim of credit for the success that the company is today.

"105. If the present Certificate of Registration is cancelled, it will severely prejudice Green Cross and will allow Petitioner Co It to take advantage of the integrity built by Green Cross and its present stockholders, without him having invested anything to get it after he had fully divested himself of his shares in the company in 1997.

"106. As a final note, both R.A. 166 and R.A. 8293 state that the certificate of registration is prima facie evidence of the validity of the registration and the registrant's ownership of the mark. Petitioner Co It has utterly failed to overturn this presumption of validity as its arguments have no basis in fact and in law.

The Respondent-Registrant's evidence consists of the following:

1. Certified true copy of Respondent-Registrant's Articles of Incorporation;
2. Certified true copy of Respondent-Registrant's General Information Sheet;
3. Certified copy of Cert. of Reg. No. 4-1997-124075;
4. Affidavit of Anthony Co, dated 12 July 2012;
5. Certified copy of Petitioner's affidavit, dated 27 March 1992;
6. Certified copy of the transcript of stenographic notes of Petitioner's testimony on 2 April 1992 in relation to NCR case no. 07-04342-91;
7. Certified copy of Securities and Exchange Commission ("SEC") Registration No. 44995 of Gonzalo Laboratories Incorporated ("GLI", now Respondent-Registrant);
8. Certified copy of GLI's Articles of Incorporation;
9. Certified copy of the agreement between Petitioner and other stockholders of GLI, dated 30 June 1987;
10. Certified copy of the amended Articles of Incorporation of Respondent-Registrant;
11. Certified copy of the memorandum of amended agreement, dated 11 January 1997;
12. Certified copy of the notice of publication of the application for the registration of the mark "ZONROX";
13. Certified copy of the notice of allowance of the application for registration of the mark "ZONROX";
14. Certified copy of the Cert. of Reg. No. 11525;
15. Certified copy of Petitioner's affidavit, dated 4 May 1974;
16. Certified copy of the trademark application for "ZONROX" filed by GLI, dated 17 May 1974;
17. Certified copy of Cert. of Reg. No. 23817;
18. Certified copy of the affidavit of use for the trademark "ZONROX" filed by GLI in 1982;
19. Certified copy of the affidavit of use for the trademark "ZONROX" filed by GLI in 1986;
20. Certified copy of the affidavit of use for the trademark "ZONROX" filed by Respondent-Registrant in 1991;
21. Certified copy of Trademark Application No. 4-1997-124075 for "ZONROX";
22. Certified copy of the Declaration of Actual Use ("DAU") for the trademark "ZONROX" filed by Respondent-Registrant on 27 November 2001;
23. Certified copy of the fifth year anniversary DAU for the trademark "ZONROX" filed by Respondent-Registrant;
24. Certified copy of Cert. of Reg. No. 38799; certified copy of the GLI's letter, dated 11 May 1991, regarding the change of GLI's name to that of Respondent-Registrant;
25. Certified copy of Trademark Application No. 4-1997-124076 for "ZONROX & Device";
26. Certified copy of the DAU for "ZONROX & Device" filed by Respondent-Registrant on 27 November 2001;
27. Certified copy of the notice of publication of the trademark application for "ZONROX & Device";

28. Certified copy of the notice of allowance of the trademark application for "ZONROX & Device";
29. Certified copy of Cert. of Reg. No. 4-1997-124076 for "ZONROX & Device"; and
30. Certified copy of the fifth year anniversary DAU for "ZONROX & Device" filed by Respondent-Registrant.⁵

On 27 September 2012, the Petitioner filed a Reply to the Answer attaching thereto the following:

1. Copy of the Petitioner's letter to the Kho Association dated 11 August 2006;
2. Copy of Petitioner's affidavit, dated 29 December 2006, filed and/or submitted to the Department of Justice ("DOJ"), in support of his complaint against Anthony A. Co, Peter A. Co, Nancy D. Co, Mary Co Cho, So Hua T. Co, Ann Marie Y. Co-Imperial, Michael Anthony Co, Joanna Liza Co Yap, Jim Lewis T. Co, Nessie Pearl C. Chan, Sandy L. Chan, Mark David C. Cho and Dick Milton Cho, for Estafa and Falsification of Public Documents & Violation of Internal Revenue Code;
3. Copy of the affidavit of Raymundo Dig, dated 14 September 2006;
4. Copy of the reply-affidavit of Raymundo Dig, dated 15 June 2007 filed with the DOJ; and,
5. Copy of the Book entitled "The Green Cross Saga".

This prompted the Respondent-Registrant to file a motion to strike out the Reply arguing that, under the revised Rules and Regulations on Inter-Partes Proceedings ("IPC Rules")⁶, a Reply is a prohibited pleading. The Petitioner, in turn filed an "opposition" to the Respondent-Registrant's motion, followed by the filing by the Respondent-Registrant of a comment thereto. On 04 January 2013, the Hearing Officer issued Order No. 2013-017 granting the Respondent-Registrant's motion and ordered that the Reply be stricken-off from the records.

During the preliminary conference on 08 January 2013, the Petitioner's counsel presented for marking certain documents. The Respondent-Registrant's counsel objected to the presentation on the reason that the documents were not attached to the Petition for Cancellation as "exhibits". The Hearing Officer sustained the Respondent-Registrant's objection. Petitioner moved that said "oral ruling" of the Hearing Officer be reduced to writing. Accordingly, the Hearing Officer issued Order No. 2013-112, dated 17 January 2013, excluding "*the affidavit of Mr. Co It considering that this particular document was not part of the evidence attached upon the filing of the petition.*"

Not satisfied with the ruling of the Hearing Officer, the Petitioner filed an "appeal" to the Director of the Bureau of Legal Affairs, dated 28 January 2013. The Respondent-Registrant filed a comment to the appeal. The Petitioner in turn filed a Reply to the Respondent-Registrant's comment.

⁵ Attached as Exhibits "1" to "30", inclusive.

⁶ Promulgated through Office Order No. 99, s. 2011, and which took effect on 07 July 2011.

This Bureau issued an Order, dated 28 May 2013, pointing out that the Director of the Bureau of Legal Affairs ("BLA") has no jurisdiction or authority to give due course to, much less grant, an "appeal" from an interlocutory order of the Hearing Officer in an Inter Partes case. At most, the "appeal" may be considered or treated as a motion for reconsideration. Thus, the "appeal/motion for reconsideration" was remanded to the Hearing Officer for immediate resolution.

The Petitioner also filed a "Motion to Inhibit the Hearing Officer", dated 10 June 2013. On 27 June 2013, the Hearing Officer issued Omnibus Order No. 2013-911 denying the Petitioner's Motion to Inhibit the Hearing Officer, and set the case for the continuation of the preliminary conference. During the continuation of the preliminary conference on 03 July 2013, the Hearing Officer allowed the Petitioner to mark and submit all "exhibits" including those excluded per Order No. 2013-112, without prejudice to the determination of such exhibits' admissibility in the decision on the merits of the case. The preliminary conference was terminated on 06 August 2013 and the parties were directed to file their respective positions papers.

Should Certificate of Reg. No. 4-1997-124075 be cancelled?

Sec. 151.1 of Rep. Act No. 8293, also known as the Intellectual Property Code of the Philippines ("IP Code"), provides in part:

Section 151. Cancellation. - 151.1. A petition to cancel a registration of a mark under this Act may be filed with the Bureau of Legal Affairs by any person who believes that he is or will be damaged by the registration of a mark under this Act as follows:

xxx

(b) At any time, if the registered mark becomes the generic name for the goods or services, or a portion thereof, for which it is registered, or has been abandoned, or its registration was obtained fraudulently or contrary to the provisions of this Act, or if the registered mark is being used by, or with the permission of, the registrant so as to misrepresent the source of the goods or services on or in connection with which the mark is used. If the registered mark becomes the generic name for less than all of the goods or services for which it is registered, a petition to cancel the registration for only those goods or services may be filed. A registered mark shall not be deemed to be the generic name of goods or services solely because such mark is also used as a name of or to identify a unique product or service. The primary significance of the registered mark to the relevant public rather than purchaser motivation shall be the test for determining whether the registered mark has become the generic name of goods or services on or in connection with which it has been used.

Petitioner raised the issue of ownership of the contested mark claiming that he is still the lawful and rightful owner thereof. The question that has to be answered therefore is: Is the Respondent-Registrant the owner of the mark when it applied for the registration thereof in August 1997? If not, then the Respondent-Registrant may have obtained Reg. No. 4-1997-124075 through fraud, thus, cancellation thereof, as sought by the Petitioner, is proper.

In this regard, Sec. 138 of the IP Code provides:

Sec. 138. Certificates of Registration. - A certificate of registration of a mark shall be prima facie evidence of the validity of the registration, the registrant's ownership of the mark, and of the registrant's exclusive right to use the same in connection with the goods or services and those that are related thereto specified in the certificate.

The burden of proof is on the Petitioner to show that Trademark Reg. No. 4-1997-124075 is not valid because the Respondent-Registrant is not the owner of the contested mark when it filed the application in August 1997. On this score, it is emphasized that in resolving disputes under its mandate, this Bureau adheres to the rule of law. This means that cases are to be decided on the basis of the facts and the records, and the evidence submitted. Not only must there be some evidence to support a finding or conclusion, but the evidence must be substantial. Substantial evidence is more than a mere scintilla. It means such relevant evidence as a reasonable mind might accept as adequate to support a conclusion.⁷

In this regard, records show that the mark "ZONROX" was first registered in the name of the Petitioner on 12 November 1964 under Reg. No. 11525. Clearly, at that time the Petitioner was the owner of the mark as it was registered in his name. However, the subsequent registrations for the marks "ZONROX" and "ZONROX and DEVICE" (Cert. of Reg. No. 23817 and 38799, issued on 22 July 1976 and 29 April 1988, respectively) were in the name of the GLI. It was GLI who maintained these registrations, including the filing of the required affidavits of use.

Thus, it cannot be said that the Respondent-Registrant procured and obtained Trademark Reg. No. 4-1997-124075 through fraud. Prior to the filing by the Respondent-Registrant of the application, which eventually ripened into Trademark Reg. No. 4-1997-124075, it is already the owner of the marks "ZONROX" and "ZONROX and DEVICE" by virtue of certificates of registration Nos. 23817 and 38799. The Respondent-Registrant was only exercising and affirming its rights over the marks when it filed an application in 1997 which resulted into the issuance of Trademark Reg. No. 4-1997-124075.

The records do not support the Petitioner's allegation that it was he who was the applicant for the trademark applications filed in 1974 and 1986 which ripened into certificates of registration Nos. 23817 and 38799. The applicant for these applications is clearly stated therein as GLI. GLI was incorporated and registered with the Securities and Exchange Commission in August 1971. Through an amendment to the Articles of Incorporation, the Respondent-Registrant changed its name from GLI to Green Cross, Inc. While the Petitioner's name and signature appears on the aforementioned trademark applications, he signed in his then capacity as President and General Manager of the corporation. The Petitioner was one of the owners and officers, not the corporation itself. It is an elementary and fundamental principle of law that a corporation is an entity separate and distinct from its stockholders, directors or officers.⁸ Corollarily,

⁷ E.Y. Industrial Sales Inc. vs. Shen Dar Electricity, G.R. No. 184850, 20 October 2010.

even the mere ownership by a single stockholder or by another corporation of all or nearly all of the capital stock or a corporation is not of itself sufficient ground for disregarding the separate corporate personality.⁹

Furthermore, the 1974 application included the Petitioner's own Affidavit, dated 4 May 1974, which reads:

"1. That I am the registered trademark owner of "ZONROX", as per Certificate No. 11525, dated November 12, 1964;

"2. That due to overlook on my part, I have failed to execute the necessary affidavit of use on time;

"3. That I have allowed the Gonzalo Laboratories Inc., to use the said trademark since its incorporation, to wit in August, 1971.

"4. That the said Gonzalo Laboratories Inc. is applying for the registration in its name the said trademark "ZONROX";

"5. That I affirm that I have no objection to the said application, and that by virtue hereof, I assign to the said corporation any and whatever right I may have on the said trademark in favor of the Gonzalo Laboratories Inc." (Emphasis supplied)

As early as 1974 therefore, Cert. of Reg. No.11525 no longer exists, its validity having lapsed on account of the non-filing of the affidavit of use. This necessitated the filing of another trademark application. This application was the 1974 application, filed by GLI and which ripened into Cert. of Reg. No. 23817. Thus, while it may be true that the Petitioner was the author, originator or creator of the mark, it cannot now be used as a ground to cancel the Respondent-Registrant's Trademark Reg. No. 4-1997-124075. Like any property, intellectual property such as trademark may be assigned, sold, transferred or conveyed to another.

It must be underscored that the Petitioner's 1974 Affidavit was notarized. Notarized documents enjoy the presumption of regularity which can be overturned only by clear and convincing evidence. It has been held that bare denials of the contents of notarized documents will not suffice to overcome the presumption of their regularity. To overthrow such presumption of regularity, the countervailing evidence must be clear, convincing and more than merely preponderant.¹⁰ Corollarily, it is also a presumption that a person takes ordinary care of his concerns.

That he transferred to the Respondent-Registrant his right over the mark is consistent with the fact that the 1974, and later the 1986 trademark applications were already in the name of the Respondent-Registrant. The Petitioner has not shown proof that the transfer or rights and the naming of the Respondent-Registrant as the applicant in the applications were subject to certain conditions. The facts and circumstances

⁸William T. Yao, Sr. vs. People of the Philippines, G.R. No. 168306, 19 June 2007.

⁹Asionics Philippines, Inc. v. NLRC, 290 SCRA 64 (998); EDSA Shangri-La Hotel and Resorts, Inc. v. BF Corp. 556 SCRA 25 (2008).

¹⁰Heirs of the Deceased Spouses Arcilla v. Teodoro, G.R. No. 162886, dated 11 August 2008, citing *Tapuroc v. Loquellano*, G.R. No. 152007, 22 January 2007, 512 SCRA 97, 109.

clearly show that the Petitioner was aware that Respondent-Registrant has distinct and separate entity or personality from his own. He was an officer of the Respondent-Registrant corporation until he stepped down as chairman in 1997. Succinctly, it is a presumption that a person intends the ordinary consequences of his voluntary act

Moreover, he did not oppose the applications nor file a petition to cancel these registrations. Likewise, Petitioner failed to present any evidence, let alone clear and convincing evidence, to prove that fraud, intimidation or undue influence, or physical or mental incapacity vitiated his consent when he executed the affidavit and signed the applications in his capacity as President and General Manager fully aware that the applicant named therein is the Respondent-Registrant. It is a settled rule that one who alleges a fact has the burden of proving it, and mere allegation is not evidence.¹¹

Likewise, when the Respondent-Registrant filed an application in 1997 for the re-registration of the mark "ZONROX", he did not contest or oppose it. It took him fifteen (15) years before he sought the cancellation of the registration. This Bureau noticed that it took almost four (4) decades before the Petitioner questioned before the Intellectual Property Office of the Philippines and its precursor agencies the registrations and ownership of the Respondent-Registrant over the contested mark.

This Bureau weighed carefully the Petitioner's allegations and scrutinized the records. It is stressed though that the Rules and Regulations of Inter Partes Proceedings do not allow the filing of a Reply to the Answer, to wit:

Section 11. Prohibited pleadings. – No motion to dismiss shall be entertained. Instead, all grounds for dismissal shall be pleaded as affirmative defenses, the resolution of which shall be made in the decision on the merits. Neither shall a motion for bill of particulars, motion for reconsideration of interlocutory orders, and all other pleadings subsequent to the filing of an Answer, shall be allowed. (Underscoring supplied).

Corolarily,

"Section 7. Filing Requirements for Opposition and Petition. –

x x x

"(b) The Opposer or petitioner shall attaché to the opposition or petition the affidavits of witnesses, documentary or object evidence, which must be duly-marked(b) **The opposer or petitioner shall attach to the opposition or petition the affidavits of witnesses, documentary or object evidence, which must be duly marked starting from Exhibit "A", and other supporting documents mentioned in the notice of opposition or petition together with the translation in English, if not in the English language.** The verification and certification of non-forum shopping as well as the documents showing the authority of the signatory or signatories thereto, affidavits and other supporting documents, if executed and notarized abroad, must have been authenticated by the appropriate Philippine diplomatic or consular office. The execution and authentication of these documents must have done before the filing of the opposition or petition. (Emphasis and underscoring supplied)

¹¹ Republic of the Phils. v. Cipriano Orbecido, III, G.R. No. 154380, 5 October 2005, 472 SCRA 114, 123.

(c) For the purpose of the filing of the opposition, the opposer may attach, in lieu of the originals or certified copies, photocopies of the affidavits of its witnesses and other documentary evidence and photographs of object evidence **subject to the presentation or submission of the originals or certified true copies thereof under Section 13 of this Rule.**" (Emphasis and underscoring supplied)

Thus, Sec. 13, Rule 2 states, to wit:

"Section 13. Preliminary Conference – (a) The preliminary conference shall be conducted for the purpose of facilitating the resolution of the case through stipulations, clarification and simplification of issues, **and the submission and/or presentation of the originals or certified true copies of the affidavits, documents and other evidence, if necessary.**" (Emphasis supplied)

Accordingly, only those affidavits of witnesses, documentary or object evidence that were attached to the said petition for cancellation and the verified answer, shall be allowed for presentation in the preliminary conference. This is consistent with the summary nature of an Inter Partes proceedings.

Nevertheless, in the interest of substantial justice, this Bureau looked into the documents that were belatedly presented by the Petitioner. These pertain, however, on the issue or dispute over the ownership of the Respondent-Registrant. The Petitioner intertwined the issues of ownership of the mark with that of the ownership of the business, lamenting that he have been gradually ousted from the corporation by the other stockholders, which happened to be his own siblings or family. Petitioner claims that GLI merely continued the business of Petitioner's single proprietorship and since Petitioner owned the single proprietorship 100%, it followed that he also owned GLI 100%; that when GLI was incorporated, he owned 100% of the total assets; that he assigned to the newly formed corporation the physical assets thereof including some cash money to "capitalize" the incorporation, but he never included the Certificate of Registration for "ZONROX"; that he was the only one who paid the whole P70,000.00 "paid-up" capitalization and all subscription rights belonged to him; that none of his brothers, sister and parents paid a single centavo on the "paid-up" capital of GLI, and they were included as stockholders in the "incorporated" single proprietorship only to comply with the requirements of the Corporation Law; that he placed an equivalent of 15% from his total shareholdings of 100% in the names of his parent, sister and brothers only by way of implied trust; that out of his 100% shareholdings, he retained in his name 85% of the capital stock of GLI; and that instead of showing their appreciation for his generosity, his brothers and sister, after taking away his business, gradually ousted Petitioner therefrom, except that, for purposes of the instant petition, the trademark ZONROX for bleaching liquid allegedly remained his own.

It must be emphasized, however, that the case this Bureau may resolve is a dispute on the ownership of trademark, not the ownership of the business or the corporation. Sec. 10 of the IP Code sets limit to the jurisdiction of this Bureau, to wit:

10.1. Hear and decide opposition to the application for registration of marks; cancellation of trademarks; subject to the provisions of Section 64, cancellation of patents, utility models, and industrial designs; and petitions for compulsory licensing of patents;

10.2. (a) Exercise original jurisdiction in administrative complaints for violations of laws involving intellectual property rights: Provided, That its jurisdiction is limited to complaints where the total damages claimed are not less than Two hundred thousand pesos (P200,000): Provided, further, That availment of the provisional remedies may be granted in accordance with the Rules of Court. The Director of Legal Affairs shall have the power to hold and punish for contempt all those who disregard orders or writs issued in the course of the proceedings. (n)

(b) After formal investigation, the Director for Legal Affairs may impose one (1) or more of the following administrative penalties: xxx.”

The Supreme Court, in *Strategic Alliance Development Corporation vs. Star Infrastructure Development Corporation*,¹² explains that “an intra-corporate dispute is one that arises from intra-corporate relations; relationships between or among stockholders; or the relationships between the stockholders and the corporation.” In this case, Petitioner’s allegations that he was the 100% owner of the corporation and that he was gradually ousted by his siblings are allegations pertaining to his relations as a former stockholder with a corporation and the stockholders of such corporations. Such allegations relate to an intra-corporate dispute as above-defined and of which, this Bureau has no jurisdiction.

WHEREFORE, premises considered, the instant petition for cancellation is hereby **DISMISSED**. Let the filewrapper of Certificate of Registration No. 4-1997-124075 be returned, together with a copy of this Decision, to the Bureau of Trademarks for information and appropriate action.

SO ORDERED.

Taguig City, 29 January 2015.


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

¹² G.R. No. 187872, 17 November 2010, 635 SCRA 380, citing *Sps. Abejo v. Judge Dela Cruz*, 233 Phil. 668, 681 (1987).