



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

-versus-

GREEN CROSS INCORPORATED,
Respondent-Registrant.

x-----x

}
} **IPC No. 14-2012-00197**
} Petition for Cancellation:
} Cert. of Reg. No. 4-1997-124077
} Date Issued: 01 July 2004
} **TM: "GREEN CROSS"**
}

NOTICE OF DECISION

DE JESUS MANIMTIM & ASSOCIATES
Counsel for the Petitioner
5625 Don Pedro corner Gabaldon Streets
Poblacion, Makati City

BENGZON NEGRE UNTALAN
Counsel for Respondent-Registrant
2nd Floor, SEDDCO Building
Rada corner Legaspi Streets
Legaspi Village, Makati City

GREETINGS:

Please be informed that Decision No. 2015 - 09 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,

-versus-

GREEN CROSS INCORPORATED,
Respondent-Registrant.

X ----- X

IPC No. 14-2012-00197

Petition for Cancellation
Cert. of Reg. No. 4-1997-124077
Date Issued: 01 July 2004
Trademark: **"GREEN CROSS"**

Decision No. 2015- 09

DECISION

Co It a.k.a. Gonzalo Co¹ ("Petitioner") filed a petition to cancel Certificate of Registration No. 4-1997-124077. The registration, issued on 01 July 2004 in the name of Green Cross Incorporated² ("Respondent-Registrant") covers the mark "GREEN CROSS" for use on "liniment" under Class 05 of the International Classification of Goods.³ The Petitioner alleges the following:

"1. Petitioner CO IT, a.k.a. GONZALO CO ('CO') is a Filipino, of legal age, and a resident of No. 2839 P. Zamora Street, Pasay City. He may be served with summons, notices and all legal processes of this Honorable Office through the undersigned counsel at her address as indicated below.

"2. Respondent GREEN CROSS, INCORPORATED, formerly known as Gonzalo Laboratories, Inc., ('RESPONDENT CORPORATION') is a corporation duly organized and existing under the laws of the Philippines with principal office at No. 2150 Iba Street, United Paranaque I, Paranaque City, where it may be served with summons, notices and other legal processes of this Honorable Office.

"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 of alcohol products under the brand name 'GREEN CROSS'.

"4. On January 10, 1957, Petitioner filed an Application for Registration in his name of the mark 'GREEN CROSS & CROSS DEVICE' for rubbing alcohol compound with the then Philippine Patent Office ('PPO').

"5. January 1, 1952 was the date cited by Petitioner, as his date of 'first use' of the mark, in his Application for Registration of Trademark with the then PPO.

¹A Filipino, of legal age, and a resident of No. 2839 P. Zamora Street, Pasay City.

²A domestic corporation duly organized and existing under and by virtue of the laws of the Philippines with business address at 14F Common Goal Tower, Finance corner Industry Streets, Madrigal Business Park, Muntinlupa City.

³ The Nice Classification is a classification of goods and services for the purpose of registering trademark and services marks, based on the 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 Purpose of the Registration of Marks concluded in 1957.

"6. On September 22, 1958, the Application was granted and CERTIFICATE OF REGISTRATION No. 6771 ('CERTIFICATE NO. 6771') was issued as shown in the 'Registered Trademarks Application' covering the period 1948 to 1960, where Petitioner's Application appears on Page 30 thereof. x x x.

"7. However, CERTIFICATE No. 6771 was subsequently removed from the Registry of Trademarks due to Petitioner's inability to file the *Affidavit of Declaration of Actual Use* on the 10th Anniversary of its Registration.

"8. Subsequently, on May 5, 1970, Petitioner filed his Second Application for the Registration of the mark '**GREEN CROSS & CROSS DEVICE**' under R.A. 166, otherwise known then as The Trademark Law.

"9. On August 10, 1972, Petitioner was issued CERTIFICATE OF REGISTRATION No. 17676 based on his Second Application where he reiterated that he was the 'first to use' the mark **GREEN CROSS** on January 1, 1952, and used it continuously since 1952. x x x

"10. In 1970, Petitioner's brother Joseph A. Co, the one next to Anthony, persuaded him to convert his single proprietorship GONZALO LABORATORIES into a corporation, and GONZALO LABORATORIES, INCORPORATED was registered on August 11, 1971 with Registration No. 44995, with the Securities and Exchange Commission ('SEC').

"11. After incorporation, Petitioner hired his sister Mary, and thereafter, his brothers Joseph and Peter, *all as paid employees*.

"12. The authorized capital stock was P500,000.00 divided into 5,000 shares at P100 per share par value. Subscribed was P200,000.00 divided into 2,000 shares. The paid up was P70,000.00.

"13. GONZALO LABORATORIES, INCORPORATED was 100% Petitioner's single proprietorship business. It was only given a corporate clothing.

"14. Petitioner assigned to it all the business and assets of his single proprietorship, except CERTIFICATE OF REGISTRATION No. 17676 on '**GREEN CROSS & CROSS DEVICE**', and the other trademark Certificates which were registered personally in his name and not in the name of his single proprietorship. What were assigned became the start up business and assets of the corporation.

"15. GONZALO LABORATORIES, INCORPORATED merely continued the business of Petitioner's single proprietorship. The only difference is that it was registered as a corporation. Since Petitioner owns the single proprietorship 100%, it follows that he owns the corporation 100%.

"16. Petitioner wishes to emphasize that he was the only one who paid the whole P70,000.00 paid up capitalization. All the subscription rights also belong to him.

"17. None of his brothers and sister nor his parents paid with their money for the shared which Petitioner placed in their names only by way of implied trust.

"18. Petitioner had to name them incorporators, because at least five (5) incorporators are required by the Securities and Exchange Commission ('SEC').

"19. Instead, they took Petitioner's business from him. Petitioner did not intend to give the corporation to them. Petitioner was ousted. Petitioner subsequently learned that he was eased out of the Corporation. However, his Trademark '**GREEN CROSS AND CROSS DEVICE**' for rubbing alcohol compound remained his own.

"20. Petitioner hereby reiterates his authorship, creation, and original ownership of the Green Cross Trademark.

"21. Petitioner has no intention to part with its ownership. Respondent Corporation's refusal to return it to Petitioner amounts to misappropriating or converting them, to the prejudice of Petitioner, because Respondent Corporation has the obligation or duty to return it to him.

"22. Respondent Corporation cannot challenge Petitioner's authorship and ownership of the said Trademark. It is not the author, creator, or originator of the Trademark and it was never the real owner.

"23. Respondent Corporation cannot give the same story of authorship, origin, and creation of the Trademark as the Petitioner.

"24. Petitioner was a graduate of La Salle whose school color is 'Green'. This is the reason why he named his product 'Green Cross'.

"25. Also, when Petitioner used to work in the Manila Commercial Company in late 1940, there was an alcohol product labeled 'Gray Cross' from Rabin Company, which was also imported. To Petitioner, the 'Gray' color is not something not very bright. However, the color 'Green' is something that to Petitioner is very bright and hopeful, that it why he named his alcohol product 'Green Cross'.

"26. In contrast, Respondent Corporation has no evidence that it was the author of the Trademark.

"27. On October 16, 1972, on the proddings of Anthony and Joseph Co, Petitioner reluctantly executed a 'Deed of Assignment' of the Trademark '**GREEN CROSS AND CROSS DEVICE**' under certificate of Registration No. 17676 in favor of then GONZALO LABORATORIES, INCORPORATED.

"28. Petitioner agreed to assign the Trademark only because of the belief that anyway he owns 100% of GONZALO LABORATORIES, INCORPORATED, and it was only a transfer of the Trademark (which he also owns) from one pocket to another of the same owner, the Petitioner, because he was also the assignor and the assignee. Copy of the Deed of Assignment is attached hereto and made part hereof as **Annex 'C'**.

"29. However, this justifying circumstance for the execution of the Deed of Assignment, that is, being the same assignor and assignee, disappeared when Petitioner was divested of his control and equity in the Corporation, and eventually ousted.

"30. The P1.00 consideration is now a crucial issue. Petitioner explained that the consideration for the transfer of the Trademark to the Corporation was only One Peso (P1.00), because he was also the owner of the Corporation.

"31. Since Petitioner is the author and real owner, he correctly clarified that he did not sell the Trademark but in fact retained its ownership, because he was also the owner of the Company Gonzalo Laboratories Incorporated.

"32. Petitioner was assigning ONLY to himself, and not to any one else. If he were not the owner, he would not have transferred them form the symbolic amount of only One Peso (P1.00). He knew that the Trademark, as of that date, was already worth millions of pesos, and could be billions in the future.

"33. Petitioner's intention was solely to consolidate ownership of the Trademark with the GONZALO LABORATORIES, INCORPORATED which he owns. IF HE WERE NOT THE OWNER OF THE COMPANY, it is obvious that he would not have had any intention to consolidate their ownership with the Company.

"34. Thus, if, as Respondent Corporation claims, the Petitioner is no longer the owner of the Company, it is but logical that the Trademark should be returned to Petitioner.

"35. It must be pointed out that the subject Trademark is the PERSONAL PROPERTY of the Petitioner in whose name it was registered. It was NOT registered in the name of the single proprietorship, as shown by **Annex 'C'** herein, which states that:

'CO IT, a citizen of the Philippines, of legal age, and domiciled at No. 36 Mirasol Street, Pasay City, Philippines, has adopted and used in his business a trademark consisting of GREEN CROSS & DEVICE, and which is registered under No. 17676, dated August 10, 1972, in the Patent Office of the Philippines.;

"36. Since it was registered in the name of Petitioner and NOT in the name of the single proprietorship 'GONZALO LABORATORIES, INCORPORATED,' the said Trademark was NOT INCLUDED in the List of Assets of the proprietorship that were assigned to form part of the beginning capital of GONZALO LABORATORIES, INCORPORATED which was then in the process of incorporation on August 11, 1971.

"37. There was still a necessity to assign on October 16, 1972 the subject Trademark to the Respondent Corporation (formerly named GONZALO LABORATORIES, INCORPORATED), because it was not a capitalized asset of the Corporation when it was incorporated in August 1971.

"38. When 'GONZALO LABORATORIES, INCORPORATED' was incorporated, the subject Trademark stayed in the name of Proprietor.

"39. The **October 29, 1970 Deed of Assignment** (of the LIST OF ASSETS of the SINGLE PROPRIETORSHIP assigned to Gonzalo Laboratories, Inc. to form part of its beginning capita, as differentiated from the **October 16, 1972 Deed of Assignment** of the subject Trademark) does not include the subject Trademark.

"40. The said Trademark was excluded from the assignment of assets precisely because it was NOT REGISTERED in the name of the single proprietorship but in the name of Petitioner himself. x x x

"41. It is Petitioner's declaration that in payment or in exchange for P66,700 worth of common shared of the capital stock of GONZALO LABORATORIES, INCORPORATED, that HE assigned to GONZALO LABORATORIES, INCORPORATED the properties and assets of his single proprietorship, without however, including in the List of Assets the subject Trademark.

"42. Petitioner also paid P3,300.00 cash to complete the P70,000.00 paid up. It means that he owned the Company 100%. The October 31, 1970 **Audit Report** signed by Certified Public Accountant ('CPA') Silvino P. Cruz and the May 25, 1970 **Treasurer's Affidavit** signed by Mary Co show that the said P3,300 cash was deposited with the Philippine Banking Corporation, Dasmarias, Manila.

"43. The P70,000.00 became the start up paid up of the Respondent Corporation. The business, solid reputation, and goodwill of the single proprietorship, which Petitioner personally established over a period of 19 years, was continued by

GONZALO LABORATORIES, INCORPORATED, *now known as Green Cross, Incorporated*, the Respondent herein.

"44. It is quite clear that the Deed of Assignment of the Trademark **GREEN CROSS AND CROSS DEVICE** was executed ONLY on October 16, 1972, which is a good one year AFTER the incorporation of GONZALO LABORATORIES, INCORPORATED.

"45. The fact that the assignment of the Trademark was done only on October 16, 1972, and not on October 29, 1970, the date of the assignment of assets from the single-proprietorship to the Corporation as part of its capital, means that the subject Trademark is NOT originally meant as an asset of the Corporation, but its assignment on October 16, 1972 was intended merely to consolidate ownership of the Trademark, which Petitioner *personally* owns, in the name of the Corporation which Petitioner also owns 100%.

"46. There is another significant point which must be highlighted. An examination of ANNEX 'C' (the October 16, 1972 Deed of Assignment of the Trademark '**GREEN CROSS AND CROSS DEVICE**' under Certificate of Registration No. 17676 in favor of then GONZALO LABORATORIES, INCORPORATED) shows that it was UNILATERALLY SIGNED by Petitioner without any conformity signature on part of GONZALO LABORATORIES, INCORPORATED.

"47. The defect may have been allowed to pass precisely because at that time Petitioner and the GONZALO LABORATORIES, INCORPORATED, now known as Green Cross, Inc., the Respondent herein, are one and the same, or owned by one and the same person, the Petitioner, and the purpose of the transfer was merely the consolidation of his ownership.

"48. In sum, when Petitioner 'sold' his shares in the Respondent Corporation, *assuming arguendo* the validity of the 'sale', the intention was NOT for Petitioner to also sell, or include in the sale, the subject Trademark, because the said Trademark is his exclusively, being its author, creator, and real owner.

"49. Petitioner did not only author the brand but also developed its goodwill. IN 1952, PETITIONER PLANTED THE SEED of the Green Cross business when he single-handedly organized **Gonzalo Laboratories**, a single proprietorship which he owned 100%.

"50. In the same year, Petitioner introduced **Green Cross**. After years of hard work, this brand became very popular, and his business prospered. It is one of the popular brands of Gonzalo Laboratories, Incorporated now known as Green Cross, Incorporated.

"51. Petitioner's ownership of the Trademark GREEN CROSS for rubbing alcohol was further confirmed in a Certificate issued by the INTELLECTUAL PROPERTY OFFICE ('IPO') which replaced the Philippine Patent Office, hereto attached and made part hereof as **Annex 'E'**.

"52. In the said Certificate, the undisputed fact was that Petitioner was the 'registrant' of the Trademark 'GREEN CROSS' FILED BY GONZALO LABORATORIES, INCORPORATED, (WHICH Petitioner owned 100%).

"53. The said Certificate stated that the GREEN CROSS Trademark was registered by Petitioner on AUGUST 10, 1972 and was to expire on August 11, 1992 [or after twenty (20) years].

"54. In August, 1997, Respondent Corporation, through its then Assistant Vice-President, Michael Anthony Y. Co, filed the 'RE-REGISTRATION' of Petitioner's Trademark **GREEN CROSS**.

"55. He cited therein, for and in behalf of Respondent Corporation, the date of 'first use' cited by Petitioner in his original Application for Registration of Trademark. x xx.

"56. The Trademark Examiner Norma Balmas ('Examiner Balmas') of the IPO by way of reply to the Application, cited the various Registrations of Green Cross under R.A. 166, to wit:

` 1. GREEN CROSS G.L. (Monogram) Reg. No. 18039 used on Rubbing alcohol, to Gonzalo Co It.

` 2. GREEN CROSS & DEVICE Reg. No. 17676 used on rubbing Compound issued to CO IT.

` 3. GREEN CROSS & REPRESENTATION Reg. No. 39120 used on mentholated alcohol. Issued to Gonzalo Lab., Inc.'

"57. Examiner Balmas initially rejected the Application for Registration as filed by Respondent Corporation for being '*confusingly similar*' with the above cited trademarks of Petitioner. x x x

"58. However, by way of reply, Respondent Corporation, through Michael Co, wrote the IPO Trademark Examiner as follows:

` x x x In fact, the subject application is for RE-REGISTRATION of the mark covered by the cited registration Reg. No. 17676.'
(Underscoring Ours)

"59. Copy of Respondent Corporation's 'Reply' to the findings of the IPO Examiner Balmas, who examined all Green Cross Applications/Registrations, is attached hereto and made part hereof as **Annex 'H'**.

"60. On January 18, 2004, this Office issued CERTIFICATE OF REGISTRATION No. 4-1997-124077 to Respondent Corporation for rubbing alcohol, for twenty (20) years, copy of which is attached hereto and made part hereof as **Annex 'I'**.

"61. The issuance of the Trademark to Respondent Corporation is invalid, null and void, because the Trademark **GREEN CROSS** is originally, and up to the present, owned solely by Petitioner who has not given up his ownership with his 100% ownership of GONZALO LABORATORIES, INCORPORATED at the time of the assignment.

"62. The Trademark GREEN CROSS was and is originally owned by the Petitioner since 1952 up to the present. This is shown by the fact that since 1952 when the first Certificate of Registration was issued to Petitioner, it was 'RE-REGISTERED' for another twenty years, i.e., from 1972 to 1992.

"63. The Declaration of Actual Use was filed by herein Respondent Corporation NOT AS THE REAL OWNER of said Trademark but merely as a RE-REGISTRANT of Petitioner's Trademark.

"64. Petitioner had been continuously using the said Trademark and had no intention of parting with its ownership. He assigned it to Respondent Corporation, not to lose its ownership, but instead to consolidate his ownership of the Trademark with the

assignee Corporation which he then owned 100%, without however, admitting or implying that to date the contrary is true.

"65. Although the registration was issued to Respondent Green Cross, Incorporated, it should be emphasized that Petitioner was the founder and creator of the 'Green Cross' Trademark and 100% owner of GONZALO LABORATORIES, INCORPORATED, the original registrant of the said Trademark.

"66. Petitioner has not sold his rights and interests in the said Trademark. The 'RE-REGISTRATION' filed by Respondent Corporation through its Assistant Vice-President, Michael Co. (nephew of Petitioner) is JUDICIAL ADMISSION that the re-filing of said Application is a RE-REGISTRATION of Petitioner's original Registration No. 17676 thereby admitting and confirming Petitioner's ownership of the said Trademark since 1952 up to the present.

"67. THIS PETITION FOR CANCELLATION is filed pursuant to Sec. 151.1(b), RA 8293, the Intellectual Property Code, which provides that cancellation may be sought –

x x x

"68. Petitioner respectfully asserts his right over the trademark 'GREEN CROSS & DEVICE' for rubbing alcohol which, by law and in reality, belongs to him and hereby SEEKS to retain, stop, and prevent the continuing claim of false ownership over it by respondent corporation.

To support its petition, the Petitioner submitted the following as evidence:

1. Copy of page 30 of the Registered Trademark Applications covering the period 1948 to 1960;
2. Copy of the Certificate of Registration No. 17676 issued on 10 August 1972 in favor of Petitioner;
3. Copy of the October 16, 1972 Deed of Assignment;
4. Copy of the October 29, 1970 Deed of Assignment;
5. Copy of Certificate of Registration No. 17676 for the mark GREEN CROSS;
6. Copy of Trademark Application filed by Green Cross Incorporated;
7. Copy of Official Action Paper No. 05 dated 07 August 2000;
8. Copy of Respondent Corporation's "Reply" to Official Action Paper No. 05; and
9. Copy of Certificate of Registration No. 4-1997-124077 issued to Respondent Corporation for rubbing alcohol⁴.

The Respondent-Applicant filed its Answer on 18 July 2012, alleging among other things, the following:

"27. Green Cross respectfully opposes the present case 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 mark 'GREEN CROSS & Device.'
- 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.

⁴ Marked as Annexes "A" to "I".

c. Petitioner Co It is barred by laches and prescription from belatedly contesting the registration of the mark 'GREEN CROSS & Device.'

**Gonzalo Laboratories, Gonzalo Laboratories,
Incorporated, and Green Cross, Incorporated.**

"28. 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. x x x 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.

"29. It was Mr. Co Ay Tian who provided the capital required 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 initially managed and supervised the business. 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 marketing its products.

"30. 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 the Affidavit. 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.

"31. 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.

xxx

7. That it 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;** x x x (emphasis supplied).

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

Atty. Contawi: Now when you set up Gonzalo Laboratories, then a single proprietorship, what was the source of the capitalization in putting up the business?

Mr. Co It: **My father *** contributed around fifteen thousand pesos (PhP 15,000.00)** [page 18 of the TSN]

x x x

Atty. Contawi: What was the set up of the management or the organizational chart?

Mr. Co It: **My father was the one who supervises the operations of the company.** He came there everyday to supervise the operations then, I was the one who went out to promote the products. [pages 24 and 25 of the TSN]

x x x

Atty. Abubakar: When you rented the apartment in Pasay City, **who are in charge of the business?**

Mr. Co It: **My father.** [pages 53 and 54 of the TSN]

x x x

Atty. Contawi: Because of the condition of the company, did you do anything to improve the business? What did you do?

Mr. Co It: In 1965, my brother Joseph Co graduated from college, I asked him to come over to manage the business then, the business improved. [pages 26 and 27 of the TSN; emphasis supplied]

x x x

"33. 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.

"34. On 11 August 1971, Gonzalo Laboratories was incorporated, creating Gonzalo Laboratories Incorporated or 'GLI', with SEC Registration No. 44995. x x x. The family business registered as the sole proprietorship Gonzalo Laboratories was thereafter dissolved upon instructions of Mr. Co Ay Tian.

"35. 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 not true that Petitioner Co It owned 100% of the stocks. Not then; not now.

"36. 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.

"37. On 30 June 1987, Petitioner Co It entered into an Agreement with the other stockholders of GLI wherein he 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. x x x

"38. On 22 August 1989, GLI changed its corporate name to Green Cross Incorporated or 'Green Cross' in the present case. x xx

"39. 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. x x x

"40. Therefore, at the time of the application of Green Cross in 1997 for registration of 'GREEN CROSS & Device' trademark, 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 trademark.

The 'GREEN CROSS & Device' Trademark

"41. In 1952, Gonzalo Laboratories, the Co family business, began manufacturing and selling rubbing alcohol under the name 'GREEN CROSS.'

"42. On 10 January 1957, Petitioner Co It filed with the then PPO an application to register the mark 'GREEN CROSS & Device', for rubbing alcohol, on the basis of the use of the mark in the operation of the family business since 1952.

"43. The application was granted, the said trademark was registered in the Principal Register of the PPO on 22 September 1958 and Certificate of Registration No. 6771 was issued in its favor under Republic Act 166. x x x. Gonzalo Laboratories used this mark in its business and it was never used by Co It in his personal capacity.

"44. On the 10th anniversary of its registration, the Affidavit of Actual Use required by law was not filed. Hence, Certificate of Registration No. 6771 was removed from the Principal Register of Trademarks.

"45. Hence, on 05 May 1970, Petitioner Co It applied for another registration of the trademark 'GREEN CROSS & Device'. A Notice of Publication was issued by the PPO.

"46. On 10 August 1972, Certificate of Registration No. 17676 for 'GREEN CROSS & Device' was eventually issued in the name of Co It. The registration was given a validity of twenty (20) years, as per Section 12 of R.A. 166, or until 11 August 1992. x x x

"47. A few months later, or on 16 October 1972, Petitioner Co It voluntarily executed a Deed of Assignment wherein he explicitly and categorically assigned to GLI, which had been incorporated in 1971, all rights he may have on the trademark 'GREEN CROSS & Device'. The pertinent provision of the Deed of Assignment states:

Be it known that for and in consideration of the sum of One Peso (PhP 1.00), Philippine currency, and other valuable consideration to him in hand paid, the receipt of which sum is hereby acknowledged and confessed, the said Mr. CO IT, by these presents **does sell, assign, transfer unto the said GONZALO LABORATORIES, INC., the entire right title, and interest in and to the said trade mark and the registration thereof, No. 17676, together with the goodwill of the business in connection with which the said trade mark is used.** (emphasis supplied)

"48. The purpose of the assignment was to reflect the truth that the trademark belongs to the family business and that it had been registered under Petitioner Co It's name merely for convenience. This Deed of Assignment was notarized by Atty. Leoncio C. Jimenez on even date. x x x

"49. On 2 September 1977, Mr. Anthony Co, as then Vice-President of GLI, filed the fifth year anniversary Affidavit of Use for 'GREEN CROSS & Device'. Thereafter, Joseph Co, as Vice-President of GLI filed on 07 August 1982, the tenth year anniversary Affidavit of Use while on 18 August 1987, the fifteenth year anniversary Affidavit of Use was filed. x x x. During these times, Petitioner Co It was still connected with GLI as its President.

"50. In 1992, the twenty (20)-year registration of 'GREEN CROSS & Device' under Certificate of Registration No. 17676 expired. Green Cross was not able to immediately renew the trademark.

"51. It should be recalled that starting 11 January 1997, Petitioner Co It ceased being part of Green Cross since he resigned from the Board and completely divested himself of any shares in the company. Petitioner Co It never raised the ownership of the trademarks when he entered into the Memorandum of Amended Agreement mentioned in paragraph 39 above. It must be concluded that he knew then that he never owned it in the first place.

"52. On 27 August 1997, Green Cross applied for re-registration of the trademark 'GREEN CROSS & Device' in its name. It based its application on its first use by the family business, Gonzalo Laboratories, in 1952. x x x

"53. On 07 August 2000, Examiner Norma B. Balmas sent Green Cross Paper No. 5, asking it to clarify why the mark it sought to register was similar to previously registered marks under Certificate of Registration Nos. 18039, 17676, and 39120. x x x

"54. On 11 October 2000, Green Cross sent a reply to Examiner Balmas. It explained that the three mentioned registrations were previously cancelled and did not prevent the registration of 'GREEN CROSS & Device.' It was also explained that the application was for re-registration of the trademark 'GREEN CROSS & Device' in Certificate of Registration No. 17676, which was validly assigned in 1972 by Petitioner Co It to Green Cross. x x x

"55. In November 2001, Mr. Michael Anthony Y. Co, as then AVP-Operations of Green Cross, filed a Declaration of Actual Use for 'GREEN CROSS & Device' on behalf of the company Green Cross. x x x

"56. The IPO thereafter issued a Notice of Publication and, as far as Green Cross is aware, no one, not even Petitioner Co It, filed any opposition. Thus, on **1 July 2004**, the IPO issued **Certificate of Registration No. 4-1997-124077 for 'GREEN CROSS & Device'** in favor of Green Cross. Green Cross has continued to be the sole owner and actual user of the trademark 'GREEN CROSS & Device' to this date.

"57. In March 2010, Ms. Joanna Co-Yap, as AVP-Corp. Services of Green Cross, filed the fifth year anniversary Declaration of Actual Use for 'GREEN CROSS & Device' on behalf of the company. x x x

"58. Green Cross also respectfully points out that:

There is no cause of action against Green Cross or for the cancellation of the 'Green Cross & device' mark.

"59. 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* clarifies 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.

"60. None of the above requisites are present in this case. Petitioner Co It has no right to the trademark 'GREEN CROSS & 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 omission. Based on this definition and the facts recounted, the present Petition for Cancellation has no basis because the Petitioner Co It has no cause of action against Green Cross or for the cancellation of this trademark.

Petitioner Co It has no cause of action against Green Cross because there was a valid assignment of the mark 'GREEN CROSS & Device'.

"61. Petitioner Co It grounds his Petition for Cancellation on the claim that he is the real owner of the trademark 'GREEN CROSS & Device' and he has not given up said ownership. Green Cross vehemently disagrees.

"62. Petitioner Co It has no right whatsoever over the trademark 'GREEN CROSS & Device'. As early as 16 October 1972, Petitioner Co It already assigned all of his alleged rights over the trademark 'GREEN CROSS & Device' in favor of GLI by virtue of a Deed of Assignment. The assignment was necessitated by the fact that the trademark was registered in his name even if the truth is that the family business owns it.

"63. Petitioner Co It's 16 October 1972 Deed of Assignment of Trademark states:

WHEREAS, CO IT, a citizen of the Philippines, of legal age, and domiciled at No. 36 Mirasol Street, Pasay City, Philippines, has adopted and used in his business a trade mark consisting of **GREEN CROSS & DEVICE, and which is registered under No. 17676, dated August 10, 1972, in the Patent Office of the Philippines;** and

WHEREAS, the GONZALO LABORATORIES, INCORPORATED, a corporation duly organized and existing under the laws of the Philippines, with offices and principal place of business at No. 5, Iba Street, United Paranaque, Paranaque, Rizal, Philippines, is desirous of acquiring the said trade mark;

NOW, therefore to all whom it may concern: -

Be it known that for and in consideration of the sum of One Peso (PhP 1.00), Philippine currency, and other valuable consideration to him in hand paid, the receipt of which sum is hereby acknowledged and confessed, the said **Mr. CO IT, by these presents does sell, assign, transfer unto the said GONZALO LABORATORIES, INC., the entire right title, and interest in and to the said trade mark and the registration thereof, No. 17676, together with the goodwill of the business in connection with which the said trade mark is used.** (emphasis supplied)

"64. The assignment of the trademark was made in 1972, and is 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 any 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. (emphasis supplied)

"65. Petitioner Co It executed his 16 October 1972 assignment freely. He was not forced to part with his ownership over the trademark 'GREEN CROSS & Device', nor was he coerced, subjected to undue influence, or induced by fraudulent means. It was executed in a written document duly subscribed and sworn before Atty. Leoncio C. Jimenez.

"66. In fact, this Deed of Assignment was reported and submitted to the PPO. Hence, it became part of the records of this Honorable Office that GLI is the assignee of the mark 'GREEN CROSS & Device' initially registered to Petitioner Co It. x x x

"67. Co It himself admits, in the Petition, that he executed a Deed of Assignment over 'GREEN CROSS & Device' in favor of Green Cross. Likewise, he attached this very Deed of Assignment in his Petition as his Annex C. Such is a judicial admission against interest made by Co It, and should be viewed in favor of Green Cross.

"68. In light of R.A. 166, which only requires that an assignment is in writing and notarized by a notary public, the executed Deed of Assignment is valid and binding between the parties. Thus, even if Certificate of Registration No. 17676 was issued in the name of Petitioner Co It, all rights of ownership over it had been transferred by

him to GLI. Since GLI, assignee of Petitioner Co It, is the same as Green Cross, the application for re-registration filed in 1997 by Green Cross was a valid act. Therefore, Green Cross did not violate any right of Co It.

"69. Petitioner Co It keeps repeating that his assignment was for the sum of One Peso (Php 1.00) and that the only reason he agreed to that price is because he is also the 100% owner of GLI. This argument is flawed in many respects.

a. In the first place, Section 31 of R.A. 166, as quoted above, does not require any form of remuneration for assignments and transfers. One can make a valid transfer or assignment without even paying a single centavo. All that is required is that the assignment be written and be notarized. Therefore, the price issue being raised by Petitioner Co It is of no moment and does not affect the validity of the transfer.

b. Assuming without conceding that the price paid has a bearing on trademark assignment, the transaction would then be akin to a sale. The fact that the transfer was for One Peso (Php 1.00) still does not affect its validity because Article 1470 of the Civil Code says that gross inadequacy of the purchase price does not, as a matter of civil law, *per se* affect a contract of sale. There was no 'defect in the consent' of Petitioner Co It when he assigned the trademark 'GREEN CROSS & Device' to Green Cross, despite the alleged inadequacy of price, because it was entered into to reflect the truth that the trademark really belongs to Green Cross. Otherwise, he would have timely filed the proper action to question the validity of the Deed that he had executed almost **40 years ago** or way back in 1972. He had not done so and can no longer do so.

c. It goes against human nature for a person to sell something of great value for pittance. The logical conclusion is that either the trademark wasn't worth much then or that Petitioner Co It willingly assigned the trademark to GLI at a low price because the mark was never his in the first place but belonged to the family business that had then already taken the form of GLI. In this regard, it bears repeating that, as further discussed 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 fact supports the position that even Gonzalo Laboratories was a family business rather than a business that belonged to Petitioner Co It alone.

d. As stated in paragraphs 34 and 35 above and will be explained in more detail below, Petitioner Co It never owned 100% of the stocks of GLI. Besides, it is a fundamental principle in corporate law that the corporation is separate and distinct from its stockholders.

"70. To reiterate, the assignment in 1972 was executed by the Petitioner Co It freely and is valid, legal, and subsisting. Like 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. Hence the present Petition for Cancellation is groundless and baseless, and should be denied by this Honorable Office.

Petitioner Co It's claim that he owns the trademark because he is the same entity as Gonzalo Laboratories and GLI, has no basis in fact or in law.

"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 trademark is properly his. He is misguided enough to

claim in 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 asseverations in the Petition, and he cannot claim ownership over the trademark 'GREEN CROSS & Device' 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 'GREEN CROSS & Device' to GLI, the trademark indisputably became part of corporate assets of GLI. When GLI changed its name to Green Cross, it retained ownership over 'GREEN CROSS & Device'.

"72. At the time Green Cross applied for re-registration of the trademark 'GREEN CROSS & Device' on 27 August 1997, Petitioner Co It was not affiliated in any way with the corporation. Recall that on 11 January 1997, Petitioner Co It returned his one (1) share of stock to Green Cross and he permanently resigned from its Board of Directors. Therefore, when Certificate of Registration No. 4-1997-124077 was issued in 2004, he already ceased having any inchoate right in any property owned by Green Cross and he has no cause of action in the present case.

a. Green Cross, represented by Mr. Michael Anthony Y. Co, signed the 1997 application for registration of the trademark and the corporation claimed ownership of the mark. Likewise, Certificate of Registration No. 4-1997-124077 was issued in the name of the corporation.

"73. At no point did Petitioner Co It oppose the application even when he was still an active participant in the management of GLI/Green Cross from 1971 to 1997. The fact that he did not oppose them indicates that that he knew and acknowledged that Green Cross has rights over the trademark because of his valid assignment to it. Clearly then, this petition is only meant to harass Green Cross and coerce it to part with the now valuable trademark.

"74. Petitioner Co It also anchors his claim of ownership of the mark 'GREEN CROSS & Device' 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 management of the business and the marketing of its products in the mid-1960s.

b. Regardless of the nature of Gonzalo Laboratories, this does not erase the fact that Petitioner Co It legitimately assigned all of his alleged rights over the trademark to GLI/Green Cross. Thus, the claim of Petitioner Co It that he is the owner of the trademark 'GREEN CROSS & Device' because he was the sole proprietor of Gonzalo Laboratories has no bearing in the present case.

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.

"75. Petitioner Co It's contention that he is the 100% owner of GLI/Green Cross is 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.

"76. 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'.

"77. 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.

Petitioner Co It has no cause of action because the rights of the First User – assuming he was the first user - is defeated by the valid assignment of the trademark 'GREEN CROSS & Device'.

"78. Petitioner Co It repeatedly claims that because the date of first use stated by Green Cross in its 1997 application for registration is 1 January 1952, which coincides with the date of first use he stated in the 10 January 1957 application, it means that he is still the owner of the mark. Green Cross denies this claim.

"79. It was logical for Green Cross to state in its application that 1 January 1952 is the date of first use of the mark 'GREEN CROSS & Device' because it was merely stating a fact which is borne by the records. It is proper for Green Cross to state this date since it is the actual date of first use of 'GREEN CROSS & Device' in commerce by the family business, Gonzalo Laboratories.

"80. Assuming without conceding that the date stated as first use of 'GREEN CROSS & Device' implies that Petitioner Co It and not Gonzalo Laboratories is the actual prior user, it is defeated by 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.

Petitioner Co It is barred by laches and prescription from belatedly contesting the ownership of 'GREEN CROSS & Device.'

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

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

Laches, in a general sense is failure or neglect, for an unreasonable and unexplained length of time, to do that which, by exercising due diligence, could or should have been done earlier; it is negligence or omission to assert a right within a reasonable time, warranting a presumption that the party entitled to assert it either has abandoned it or declined to assert it.

"83. The concept of laches is recognized as applicable in *inter partes* proceedings involving Intellectual Property cases, including this present case. R.A. 166 as amended, under which the trademark 'GREEN CROSS & Device' was registered states:

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

"84. 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.** (emphasis supplied)

"85. 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

"86. If Petitioner Co It's claims were legitimate, he should have filed an opposition within thirty (30) days from publication of the application filed by Green Cross for the trademark 'GREEN CROSS & Device'. The application was filed in 1997; **fifteen (15) years** have passed since he was given constructive notice that Green Cross applied to register the trademark he allegedly claims is his. Yet he never raised any opposition thereto. Through the years, GLI/Green Cross has exercised exclusive ownership and control over the trademark. Considering that great lapse of time wherein Petitioner Co It did not act to protect his perceived rights, he should be considered to have abandoned his claim, if any. This is especially true since there were three Affidavits of Use filed by the company - in 1977, 1982, and 1987 - for the trademark 'GREEN CROSS & Device' which were not in his name but which he was completely aware of since at these times, he was still active in the affairs of GLI.

"87. Furthermore, assuming without conceding that Petitioner Co It was misled into assigning all of his rights over 'GREEN CROSS & Device' to GLI, the length of time since his execution of the Deed of Assignment **almost 40 years ago or in 1972** is an unmistakable indication that he slept on his rights to bring any action against Green Cross in connection with that assignment.

"88. 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.'**

"89. The Deed of Assignment was executed on 16 October 1972. **Forty (40) 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 1977, 1982, and 1987. Petitioner Co It was part of GLI/Green Cross during these years until his retirement in 1997 – which means that he was actually and fully aware that the company was using as owner the trademark he 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.

"90. Clearly, Petitioner Co It slept on his rights to challenge the validity of the 1972 Deed of Assignment.

"91. The assignment Petitioner Co It voluntarily 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.

"92. Petitioner Co It is not responsible for the impressive and continuing market growth that Green Cross Rubbing Alcohol is experiencing today. On the contrary, it is worth stressing that, again as further discussed in pars. 27 to 29 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 Green Cross is today.

"93. 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 since his retirement from the corporation.

"94. 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-Applicant's evidence consists of the following:

1. Certified true copy of Green Cross' Articles of Incorporation and General Information Sheet;

2. Certified copy of Certificate of Registration No. 4-1997-124077;
3. Affidavit of Anthony Co, President of Green Cross and brother of Petitioner;
4. Certified copy of the Affidavit of Petitioner Co;
5. Certified copy of the TSN dated 02 April 1992;
6. Certified copy of the Securities and Exchange Commission (SEC) Registration No. 44995 and the Articles of Incorporation;
7. Certified copy of the 30 June 1987 Agreement which Petitioner Co entered with the other stockholders of GLI;
8. Certified copy of the Amended Articles of Incorporation;
9. Certified copy of the Memorandum of Amended Agreement dated 11 January 1997;
10. Certified copy of the Certificate of Registration No. 6771;
11. Certified copy of Certificate of Registration No. 17676;
12. Certified copy of the Deed of Assignment dated 16 October 1972;
13. Certified copies of the Affidavits of Use for "GREEN CROSS & Device";
14. Certified copy of the application for registration dated 27 August 1997 of the trademark "GREEN CROSS & Device";
15. Certified copy of Paper No. 5 dated 07 August 2000;
16. Certified copy of Green Cross' reply dated 11 October 2000;
17. Certified copy of the Declaration of Actual Use for "GREEN CROSS & Device" on behalf of the company Green Cross;
18. Certified copy of the fifth anniversary Declaration of Actual Use for "GREEN CROSS & Device" on behalf of the company Green Cross; and
19. Certified copy of the IPO's certification dated 02 February 2007, regarding the assignment of the trademark to GLI.⁵

The Petitioner filed on 27 September 2012 a Reply (to the Verified Answer), attaching therewith the following:

1. Petitioner's 11 August 2006 letter to the Kho Association;
2. Petitioner's affidavit dated 29 December 2006;
3. Affidavit of Raymundo Dig dated 14 September 2006; and
4. Reply-affidavit of Raymundo Dig dated 15 June 2007.⁶

This prompted the Respondent-Registrant to file on 10 October 2012 a "Motion to Strike Out Reply". The Petitioner in turn, filed an "opposition" to the motion on 17 October 2012. On 18 October 2012, the Hearing Officer issued an Order granting the Respondent-Registrant's motion, thus expunging the Petitioner's Reply on the ground that it is a prohibited pleading under The Rules and Regulations on Inter Partes Proceedings. Not satisfied with the Hearing Officer's ruling, the Petitioner filed on 13 November 2012 a motion for reconsideration, which the Hearing Officer denied in the Order No. 2012-1563, dated 10 December 2012. During the preliminary conference on 19 November 2012, however, the Petitioner again presented as evidence the exhibits attached in the expunged Reply, which was noted

⁵Marked as Exhibits 1' to "19", inclusive.

⁶Exhibits "A" to "D", inclusive.

by the Hearing Officer. The preliminary conference was terminated on 13 December 2012.⁷ Consequently, the Petitioner filed his position paper on 17 January 2013 while the Respondent-Registrant did so on 22 January 2013.

Should Certificate of Reg. No. 4-1997-124077 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. 4-1997-124077 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. 4-1997-124077 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

⁷ The case was referred to mediation pursuant 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). The mediation, however, was unsuccessful.

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.⁸

In this regard, records and evidence show that the mark was first registered in the name of the Petitioner on 10 August 1972. The term of registration was for twenty (20) years from the date of registration. There is no dispute therefore that at that time the Petitioner was the owner of the mark. But on 16 October 1972, the Petitioner issued a Deed of Assignment in favour of the Respondent-Registrant. The Deed of Assignment reads:

"WHEREAS, CO IT, a citizen of the Philippines, of legal age, and domiciled at No. 36 Mirasol Street, Pasay City, Philippines, has adopted and used in his business a trade mark consisting of GREEN CROSS & DEVICE, and which is registered under No. 17676, dated August 10, 1972, in the Patent Office of the Philippines; and

"WHEREAS, the GONZALO LABORATORIES, INCORPORATED, a corporation duly organized and existing under the laws of the Philippines, with offices and principal place of business at No. 5, Iba Street, United Paranaque, Paranaque, Rizal, Philippines, is desirous of acquiring the said trade mark;

"NOW, therefore to all whom it may concern: -

"Be it known that for and in consideration of the sum of ONE PESO (P1.00), Philippine currency, and other valuable consideration to him in hand paid, the receipt of which sum is hereby acknowledged and confessed, the said Mr. CO IT, by these presents does sell, assign and transfer unto the said GONZALO LABORATORIES, INCORPORATED, the entire right, title, and interests in and the said trade mark and the goodwill of the business in connection with which the said trademark is used."

On the basis of the Deed of Assignment, all title, rights and interest in and to the mark and the registration thereof were transferred or passed on to the Respondent-Registrant. The required fifth and tenth year anniversaries Affidavits of Use were filed not by the Petitioner but by the Respondent-Registrant. Eventually, the term of the trademark registration expired in 1992 and was not immediately renewed. It was only on 27 August 1997, that an application for the re-registration of the mark was filed. It was the Respondent-Registrant who filed the application for re-registration.

During the examination of the application, the Respondent-Registrant was required to clarify why it sought for the registration of the marks which is confusingly similar to those covered by registration Nos. 18039, 17676 and 39120, all of which at that time have already expired or been cancelled. The Respondent-Registrant pointed to the Deed of Assignment issued by the Petitioner. Having made

⁸ E.Y. Industrial Sales Inc. vs. Shen Dar Electricity, G.R. No. 184850, 20 October 2010.

the clarifications, the application was allowed and Reg. No. 4-1997-124077 was issued in the name of the Respondent-Registrant.

Thus, it cannot be said that the Respondent-Registrant procured and obtained Trademark Reg. No. 4-1997-124077 through fraud. Per Deed of Assignment issued in its favour by no less than the Petitioner himself, the Respondent-Registrant had basis, legal right and valid reason to seek and secure the re-registration of the disputed mark. 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 registration. Like any property, intellectual property such as trademark may be assigned, sold, transferred or conveyed to another.

The Petitioner claims that the Deed of Assignment was spurious and that he was deceived into executing it. This Bureau weighed carefully these allegations and scrutinized the records. It is stressed though that the Rules and Regulations of Inter Partes Proceedings⁹ do not allow the filing of a Reply to the Answer, as provided in Rule 2, (Sec. 11), 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).

But even if this Bureau admits the Reply and the documents attached thereto, the allegation that the registration was obtained through fraud is still unsubstantiated.

This Bureau looked on the Petitioner's allegations that the issue of ownership of the mark is intertwined with the issues or the dispute regarding the ownership of the GLI and later the Respondent-Registrant. He laments having been gradually ousted from the corporation by the other stockholders who happened to be his own siblings or family. 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)

⁹ Revised aspromulgated by OfficeOrder No.99,s.2011andwhichtookeffect on July 15 2011.

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

In *Strategic Alliance Development Corporation vs. Star Infrastructure Development Corporation*,¹⁰ the Supreme Court held 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." The dispute over the ownership of the corporation is an intra-corporate dispute to which this Bureau has no jurisdiction.

The Petitioner insists that he is still the owner of the mark despite the Deed of Assignment, alleging that he and the corporation were one and the same such that any transfer from his individual name to the corporation does not make any difference. In this regard, the facts and evidence show that Respondent-Registrant was incorporated and registered with the Securities and Exchange Commission on August 1971 as GLI. Later, the Respondent-Registrant changed its name to Green Cross, Inc. through an amendment of the articles of incorporation. It is an elementary and fundamental principle of law that a corporation is an entity separate and distinct from its stockholders, directors or officers.¹¹ Corollarily, 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.¹²

Succinctly, there is nothing on record that supports Petitioner's bare allegations that he had no intention to part with his ownership of the trademark. Petitioner failed to present any evidence, let alone clear and convincing evidence, to prove that fraud, intimidation or undue influence vitiated his consent when he executed the Deed of Assignment. Almost four (4) decades have passed and it was only now that he assails the Deed of Assignment which he himself executed. It is a settled rule that one who alleges a fact has the burden of proving it, and mere allegation is not evidence.¹³

The Petitioner does not deny that he executed the Deed of Assignment in favour of the Respondent-Registrant. The Deed of Assignment was notarized. Notarized documents enjoy the presumption of regularity which can be overturned only by clear and convincing evidence. Thus, 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.¹⁴ Corollarily, it is also a presumption that a person takes ordinary care of his concerns.

¹⁰ G.R. No. 187872, 17 November 2010, 635 SCRA 380, citing *Sps. Abejo v. Judge Dela Cruz*, 233 Phil. 668, 681 (1987).

¹¹ *William T. Yao, Sr. vs. People of the Philippines*, G.R. No. 168306, 19 June 2007.

¹² *Asionics Philippines, Inc. v. NLRC*, 290 SCRA 64 (998); *EDSA Shangri-La Hotel and Resorts, Inc. v. BF Corp.* 556SCRA25 (2008).

¹³ *Republic of the Phils. v. Cipriano Orbecido, III*, G.R. No. 154380, 5 October 2005, 472 SCRA 114, 123.

¹⁴ *Heirs 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.

The fact that the Petitioner issued a Deed of Assignment only shows that he was aware that GLI is distinct and separate entity or personality from his own. It is a presumption that a person intends the ordinary consequences of his voluntary act. A scrutiny of the Deed of Assignment shows that it was an absolute/unconditional transfer of rights and interest over the mark. There are no reservations or terms indicating that the Petitioner had remained to be the owner of the disputed trademark. That the Petitioner transferred all his rights over the contested mark to the Respondent-Registrant via the Deed of Assignment is bolstered by the following:

1. It was the Respondent-Registrant, not the Petitioner, who filed the required Affidavits of Use during the term of the trademark registration;
2. It was the Respondent-Registrant, not the Petitioner, who filed and prosecuted the application for re-registration of the mark in 1997.
3. No opposition to the application for re-registration of the mark in 1997 was filed, by any party including the Petitioner.

These are consistent with the Respondent-Registrant's standing as the owner of the mark after the assignment and when it filed the application and was issued the registration.

Conversely, the following militates against the Petitioner's claim that the Respondent-Registrant's obtaining the registration through fraud:

1. The Petitioner issued the Deed of Assignment in favour of the Respondent-Registrant, a fact that he never denied;
2. During the whole term of the registration (20 years), it was the Respondent-Registrant who maintained it and filed the required Affidavits of Use;
3. The Petitioner never sought the renewal of the registration;
4. The Petitioner did not file an opposition to the Respondent-Registrant's application for the re-registration of the mark in 1997;
5. The Petitioner sought cancellation of the registration only in 2012 or 15 years after the filing by the Respondent-Registrant of the application for re-registration.

WHEREFORE, premises considered, the instant petition for cancellation is hereby **DISMISSED**. Let the filewrapper of Certificate of Registration No. 4-1997-124077 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