

MEDTECS INTERNATIONAL CORP. LTD.,
Petitioner,

-versus-

**VICE ADM. FERDINAND S. GOLEZ, MAJOR,
GEN. JUANCHO SABBAN, CAPT. RAMON
RENALES, and the PHILIPPINE NAVY,**
Respondent- Registrants.

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IPC No. 13-2011-00182
Petition for Cancellation:
ID Reg. No.: 3-2009-000557
Date Issued: 08 March 2010
**Title: PIXELATED CAMOUFLAGE
FOR TEXTILE (PHILMARPAT)**

NOTICE OF DECISION

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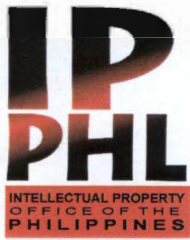
GREETINGS:

Please be informed that Decision No. 2016 - 178 dated June 10, 2016 (copy enclosed) was promulgated in the above entitled case.

Taguig City, June 14, 2016.

For the Director:

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



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Decision No. 2016- 178

DECISION

MEDTECS INTERNATIONAL CORP. LTD.¹ ("Petitioner") filed on 04 May 2011 a Verified Petition for Cancellation of Certificate of Registration of Industrial Design No. 3-2009-000557 issued on 08 March 2010 issued to MGEN JUANCHO M. SABBAN AFP; and CAPT. RAMON C. RENALES PN (GSC) and later on assigned to the PHILIPPINE NAVY² (herein "Respondent-Registrants").

Petitioner asserts that the subject industrial design should be cancelled on the ground that it is not new pursuant to Section 120 of R.A. No. 8293 otherwise known as the Intellectual Property Code of the Philippines ("IP Code). Petitioner argues that in order to be registrable, an industrial design must be any new or original creation relating to the ornamental features of shape, configuration, form, or combination thereof, of an article or manufacture, whether or not associated with lines, patterns or colors, which imparts and aesthetic and pleasing appearance to the article. Petitioner claims that it filed an application for registration of Industrial Design entitled "DIGITAL CAMOUFLAGE" on 30 July 2008 which was later on registered 27 October 2008. As such, it should be considered as prior art in relation to Respondents' registered industrial design since both registration covers essentially the same or identical designs.

Petitioner's evidence consists of the following:

1. Exhibit "A" - certified copy of Industrial Registration No. 3-2008-000674 issued on 27 October 2008 to Medtecs International Corporation Ltd.;
2. Exhibit "B" - certified copy of Industrial Registration No. 3-2009-000557 issued on 08 March 2010 to MGEN Juancho Sabban AFP and Capt. Ramon Renales PN (GSC);
3. Exhibit "C" - Affidavit of Jake C. Gacus with Annexes "A" to "C"; and
4. Exhibit "D" - Certificate of Exclusive Distributorship.

¹ A corporation organized and existing under the law Bermuda doing business in the Philippines through its office at 7th Floor, The Peninsula Court, 8735 Paseo de Roxas corner Makati Avenue, Makati City
² Respondents are officers of the Armed Forces of the Philippines with address at Philippine Navy Headquarters, Naval Station Jose V. Andrada, 2335 Pres. M. Roxas Boulevard, Manila .

On 17 June 2011 this Bureau issued a Notice to Answer and served the same to Respondent-Registrants. Respondent-Registrants filed a motion for extension to file the answer which was granted. Another motion for extension was filed on 19 October 2011. On 09 November 2011, Respondents filed their Answer stating among others the following Affirmative Defenses:

"8. Prior to the year 2006, the Philippine Marine Corps (PMC) had been developing a digital camouflage uniform applicable to the Philippine terrains. Said project is intended to improve the efficiency and effectiveness of the PMC operations.

"9. In the course of the project, the PMC invited representatives from various suppliers with capabilities and technology for the development of digital uniforms that can comply with the requirements of the Command. However, only representatives from petitioner responded to the invitation, who were commissioned to assist in the development of said digital camouflage for the PMC. The ensuing research and development of the digital camouflage was then conducted in accordance with the specifications required by the PMC.

"10. Prior to the filing of petitioner's application with the IPO on July 30, 2008, the PMC Uniform Board issued Resolution No. 2008-01 on July 4, 2008, formally adopting a new camouflage pattern referred to as the Philippine Marine Pattern (PHILMARPAT). The PHILMARPAT contains the following features:

- a. digitally enhanced pattern;
- b. four (4) color combination of brown, black, green and light khaki;
- c. embedded with small PMC and Philippine Navy (PN) logo;
- d. no wrinkle fabric;
- e. 60% cotton and 40% polyester fabric

"11. On August 26, 2009, the PMC, thru then Flag Officer in Command, Vice Admiral Ferdinand S. Golez PN, among others, filed an application for the registration of an industrial with the IPO. This application sought the registration of PHILMARPAT camouflage design containing the PMC and PN Seals as its main components.

"12. Acting on the said application, on March 8, 2010, the Bureau of Patents, IPO issued Registration No. 3-2009-000557 covering the PHILMARPAT with the Philippine Navy as the assignee.

"13. The aforesaid facts will thus show that the PMC had been developing the subject digital camouflage years before the representatives from petitioner assisted in the research and development of the pixelated digital camouflage of the PMC.

"14. Indeed, the representatives of the petitioner were merely commissioned by the PMC to provide their service with regard to the development and testing of the pixelated digital camouflage subject to the required specifications of the Command itself. Eventually, as early as July 4, 2008, and prior to the filing of petitioner's application with the IPO, the PMC Uniform Board has already formalized the use of the PHILMARPAT which had detailed design specifications.

"15. Rule 405 of the Rules on Industrial Design provides:

xxx

"16. Thus, in cases involving a commissioned work, the person who commissions the design shall own the registration. In this case, the PMC, after years of conceptualizing and developing the digital camouflage, merely invited representatives of petitioner to provide the service in further developing the digital camouflage design of the PMC, primarily on the aspect of the pixelated features of the PHILMARPAT. In other words, petitioner, at most, was only commissioned to work on a portion of an official government project undertaken by the PMC. Indeed, the representatives of petitioner could not have initiated the development of a digital camouflage pattern for the PMC since such function obviously belongs to the Command, the same being a matter pertaining to the official uniforms and insignia of the Armed Forces of the Philippines.

"17. Certainly, petitioner's participation in the development of PHILMARPAT is only a phase on the entire development process undertaken by the PMC for a number of years. Petitioner was not commissioned to provide service for the entire duration of the project as it merely assisted PMC in the developing PMC's pixelated design - in accordance with the specifications of the Command. Considering that PMC is the government organization which conceptualized, designed and controlled the entire research and development of its camouflage pattern, the registration of PHILMARPAT was duly made in favor of the Philippine Navy, as its assignee.

"18. Moreover, the Digital Camouflage of petitioner as registered with the Intellectual Property Office can be easily distinguished from the PHILMARPAT as described in the corresponding registrations.

"19. The Digital Camouflage of petitioner is described only as '**comprising light khaki, dark blue, brown and dark green characterized by a combination of unit pixels piled up in any shape defining the surface thereof**'.

"20. On the other hand, the PHILMARPAT is described as '**a design of disruptive camouflage pattern being applied to a desired cloth and the like, being defined by a plurality of distinct polygonal imprints of khaki, black, brown and green color combination, with a gradation of these colors from dark to light wherein the pattern disrupts the shape of the camouflaged subject on which it is applied. The ratio of the light to dark pixels in the pattern blends the subject into the background, and the camouflage pattern contains the Philippine Navy and Philippine Marine Corps Seals embedded on this pattern with khaki background per yard of cloth. The size of the Philippine Marine Corps Seals has a maximum of 20mm in height and 10mm in width, while the Philippine Navy Seal is at least 20mm in height and 15mm in width, all measurements having a tolerance of ± 2 mm**'.

"21. Evidently, the PHILMARPAT contains numerous features which are distinguishable from petitioner's Digital Camouflage. First, it is composed of the colors khaki, black, brown and green; while Petitioner's design is comprised of light khaki, dark blue, brown and dark green. Second, the PHILMARPAT registration mentions a gradation of colors from dark to light disrupting the shape of the camouflaged subject on which it is applied. Third, the

PHILMARPAT's main component is the seals of the Philippine Navy and the Philippine Marine Corps having detailed description on how it will be embedded in the pattern. Fourth, the PHILMARPAT utilizes a khaki colored cloth which will also serve as the background color of the design.

"22. Other than the use of a pixelated camouflage pattern, the entire PHILMARPAT design is significantly different from the Digital Camouflage of petitioner; hence, the contrast between the two (2) designs cannot be deemed mere minor aspects.

"23. Also, the mere use of a digital or pixelated camouflage by petitioner cannot prohibit other persons or entities from utilizing such feature, and registering the corresponding design with the IPO. A pixel or the term 'pixelated' is a digital concept or image which is commonly used and cannot be considered a function, the exclusive use of which belongs only to a specific person. In fact, various camouflage designs involving the use of digitized pixels are being prevalently used by different enforcement and/or military agencies, locally and abroad. Thus, any design which may contain a pixelated pattern feature can be registered with the IPO as long as the entire design characteristics that would be registered can be considered distinct from other designs.

"24. Here the pixelated pattern in the PHILMARPAT is the one feature or aspect of the entire design package as described in the Intellectual Property Registration itself. To emphasize, the design is distinctly embedded with the seals of the Philippine Navy and the Philippine Marine Corps as its main component, with the four-color-combination of black, brown, and green with khaki as the background color of the cloth. Clearly, the combination of these inseparable features as described complies with the requisites of registrability of an industrial design under Rule 301 of the Rules on Industrial Design, which states:

x x x

"25. The PHILMARPAT is an original creation composed of a combination of the PN and PMC seals, the pixelated pattern, the four-color combination prescribed by the PMC Uniform Board, and a specific Khaki colored cloth to be used as the material for the uniform. All of these features or characteristics comprise one indivisible design which entails aesthetic considerations, as well as distinct uniform for official use of the PMC suitable for the Philippine environment. Undeniably, the PHILMARPAT is not limited essentially by technical or functional considerations. Neither is it contrary to public order, health or morals.

"26. Lastly, Sec. 133 of the Corporation Code provides that a foreign corporation doing business in the Philippines without any license cannot maintain any action or proceeding before Philippine courts or administrative tribunals on any cause of action.

x x x

"27. A corporation has a legal status only within the state or territory in which it was organized. For this reason, a corporation organized in another country has no personality to file suits in the Philippines. In order to subject a foreign corporation doing business in the country to the jurisdiction of our courts, it must acquire a license from the Securities and Exchange Commission (SEC) and appoint an agent for service of process. Where a foreign corporation does

business in the Philippines without the proper license, it cannot maintain any action or proceeding before Philippine courts as provided under Section 133 of the Corporation Code.

"28. In the case at bar, petitioner categorically admits that it is a foreign corporation incorporated in Bermuda, doing business in the Philippines. However, the petition did not allege or attach any proof that the corporation is specifically licensed by the Securities and Exchange Commission to transact its business in the Philippines. Plainly, it does not have the capacity to file the present petition with the Intellectual Property Office."

On 11 November 2011, Petitioner filed a Motion to Declared Respondents in Default. On 08 March 2012, Petitioner also filed a Motion to Expunge the answer. On 12 April 2012, this Bureau issued an Order declaring Respondent-Registrants in default. On 04 June 2012, Respondent-Registrants filed a Motion to Lift or Set Aside Order of Default. An Opposition and Motion was filed by Petitioner on 09 October 2012. On 11 January 2013, this Bureau lifted the order of default. The case was then referred to the Alternative Dispute Resolution Services (ADR Services) for Mediation. The parties however refused to mediate. The preliminary conference was terminated on 17 June 2013 and the parties were directed to submit their respective position papers. On 07 October 2013, Petitioner filed its Position Paper while Respondent-Registrants did so on 22 October 2013.

Should **Industrial Design Registration No. 3-2009-000557** be cancelled?

The Petitioner seeks the cancellation of Industrial Design Reg. No. 3-2009-000557 for lack novelty or that it is not new and formed part of prior art before it was filed by Respondent-Registrant.

Sec. 120 of Republic Act No. 8293, also known as the Intellectual Property Code of the Philippines ("IP Code") provides:

Sec. 120. Cancellation of Design Registration – 120.1. At any time during the term of the industrial design registration, any person upon payment of the required fee, may petition the Director of Legal Affairs to cancel the industrial design on any of the following grounds:

- a. If the subject matter of the industrial design is not registrable within the terms of Sections 112 and 113;
- b. **If the subject matter is not new;** or
- c. If the subject matter of the industrial design extends beyond the content of the application as originally filed. [Emphasis supplied]

Section 113 of the IP Code also provides:

Sec. 113. Substantive Conditions for Protection – 113.1 – Only industrial design that are new or original shall benefit from protection under this Act.

Corollarily, Sections 23 and 24 of the IP Code relating to patents are applicable *mutatis mutandis* to industrial design registrations under Section 119 of the same Code, to wit:

Sec. 23. Novelty – An invention shall not be considered new if it form part of a prior art.

24. Prior Art – prior art shall consist of:

24.1. Everything which has been made available anywhere in the world, before the filing date or the priority date of the application claiming the invention.

24.2. The whole contents of an application for a patent, utility model or industrial design registration, published in accordance with this Act, filed or effective in the Philippines, with a filing or priority date that is earlier than the filing or priority date of the application: Provided, That the application which has validly claimed the filing date of an earlier application under Section 31 of this Act, shall be prior art with effect as of the filing date of such earlier application: Provided further, That the applicant or the inventor identified in both applications are not one and the same.

One of the requirements for registration of an industrial design is that it must be new³. To be new, the design should not form part of a prior art before the filing date of the application for registration. Section 24 of the IP Code defines prior art to a design may consist of everything made available to the public anywhere in the world before the filing date of the application for the design; or the whole contents of an application for an industrial design registration, published and filed in the Philippines, with a filing date that is earlier than the filing of priority date of the subject industrial design application.

In invalidating a design patent, there are two tests, the "Points of Novelty Test" and the "Ordinary Observer Test". These are two distinct tests employed in order to find patent invalidity as well as infringement⁴.

In applying the "Ordinary Observer Test", "the determination should be made by 'observers of ordinary acuteness' giving the 'degree of observation' that a purchaser usually gives, as it is such persons, not experts, 'who are the principal purchasers' of such articles."⁵ The true test of identity of design is sameness of appearance, in other words, sameness of effect upon the eye; that it is not necessary that the appearance should be the same to the eye of the expert, and that the test is the eye of an ordinary observer, the eyes of men generally, of observers of ordinary acuteness, bringing to the examination of the article upon which the design has been placed that degree of observation which men of ordinary intelligence give.⁶

The Petitioner puts into issue the novelty of Industrial Design No. 3-2009-000557 contending that the industrial design covered by said registration is not new since it already forms part of a prior art. Petitioner cites and alleges as prior art its own industrial design of a Digital Camouflage covered by Industrial Registration No. 3-2008-000674 issued on 27 October 2008.

Comparisons of the respective claims in the Petitioner's Industrial design and the subject Industrial Design Patent are shown below:

³ 113.1 IP Code Rule 301 of the Rules and Regulations on Industrial Design.

⁴ *Bernhardt L.L.C. vs. Collezione Europa USA Inc. No. 04-1024, Fed. Cir. 20 October 2004.*

⁵ *Gorham Co. v. White, 81 U.S. 511 (1871)*

⁶ *Jennings v. Kibbe, 10 Fed. Rep. 669, 20 Blatchf. 353*

Industrial Design No. 3-2008-000674

Claim:

The ornamental design for DIGITAL CAMOUFLAGE substantially as shown and described.



Figure 1



Figure 2

Industrial Design No. 3-2009-000557

Claim:

An ornamental design of a pixelated camouflage design for textile (PHILMARPAT) substantially as shown and described:



Figure 1



Figure 2

Rule 1500 of the Revised Implementing Rules and Regulations for Patents, Utility Models and Industrial Designs provides:

Rule 1500. Industrial Design. – An industrial design is any composition of shape, lines, colors, or a combination thereof, or any three - dimensional form, whether or not associated with shape, lines, or colors, which produce an aesthetic and ornamental effect in their *tout ensemble* or when taken as a whole; Provided, that such composition or form gives a special appearance to and can serve as pattern for an industrial product or handicraft.

Industrial products include articles of manufacture that belong to the useful or practical art, or any part including thereof, which can be made and sold separately.

A scrutiny of the above industrial design shows that they are both camouflage design. However, a comparison of the same would show that Respondent-Registrant's camouflage design is substantially different from what is claimed by the Petitioner in its industrial design. Respondent-Registrant's PHILMARPAT design is distinctly embedded with the seals of the Philippine Navy and the Philippine Marine Corps as its main component, with the four-color-combination of black, brown, and green with khaki as the background color of the cloth. These features are not found in Petitioner's digital camouflage. For anticipation to occur, the prior art must show that each element is found either expressly or described or under principles of inherency in a single prior art reference.⁷ This is not the case between Petitioner's and Respondent-Registrant's industrial designs.

Moreover, in *Del Rosario v. Court of Appeals*⁸, the Supreme Court ruled, to wit:

In issuing, reissuing or withholding patents and extensions thereof, the Director of Patents determines whether the patent is new and whether the machine or device is the proper subject of patent. In passing on an application, the Director decides not only questions of law but also questions of fact, i.e. whether there has been a prior public use or sale of the article sought to be patented. Where petitioner introduces the patent in evidence, if it is in due form, it affords a prima facie presumption of its correctness and validity. The decision of the Director of Patents in granting the patent is always presumed to be correct, and the burden then shifts to respondent to overcome this presumption by competent evidence.


In this case, Petitioner who is seeking the cancellation of the industrial registration issued by the Director of Patents failed to overcome the prima facie presumption of the correctness and validity of such registration. This Bureau, therefore cannot cancel the registration on the ground alleged or cited by the petitioner.

WHEREFORE, the instant Petition for Cancellation is hereby **DENIED** for the reason stated above. Let the filewrapper of Industrial Design Registration No. 3-2009-000557 be returned, together with a copy of this Decision, to the Bureau of Patents for information and appropriate action.

SO ORDERED.

Taguig City

10 JUN 2016


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

⁷ *Manzano v. Court of Appeals*, G.R. No. 113388, 05 September 1997.

⁸ G.R. No. 115106. March 15, 1996