

FISHWEALTH CANNING CORP.,  
Complainant,

IPV No. 10-2004-00002

-versus-

For: False or Fraudulent  
Declaration and Damages  
with Application  
for Temporary Restraining  
Order and Preliminary  
Injunction

HENRY N. KAWSON,  
Respondent.

x-----x

Decision No. 2005-01

## DECISION

The instant Intellectual Property Violation (IPV) case under Section 162 of R.A. 8293 for False or Fraudulent Declaration and Damages (with application for Temporary Restraining Order and Preliminary Injunction) was filed by Complainant, Fishwealth Canning Corporation against respondent Henry N. Kawson on 17 February 2004. On 4 April 2005, complainant moved for the admission of its Supplemental Complaint wherein it dropped the Bureau of Trademarks as a party respondent and further alleged that respondent, Henry N. Kawson committed Unfair Competition under Section 168 of Republic Act 8293. After formal hearing, this Office granted complainant's request for a Temporary Restraining Order through Order No. 2004-76 dated 30 April 2004 and issued a writ of preliminary injunction through Order No. 2004-143 dated 28 September 2004.

Complainant Fishwealth Canning Corporation instituted this action against respondent Henry Kawson for allegedly fraudulently misrepresenting that he is the owner and actual user of the complainant's trademark and tradename "Young's Town" in his application for trademark registration with the Bureau of Trademarks.

In his Answer, respondent specifically denied the allegations of the complaint and raised several special and affirmative defenses, which among others are as follows:

- "1. The complainant has no cause of action and the complaint fails to state a cause of action;
- "2. Respondent Henry Kawson is the owner/registrant of the mark "Young's Town" by virtue of the issuance of the issuance last 31 August 1982 of the then Philippine Patent Office of Registration Serial No. R-3647 and Renewal Registration No. 2727 for the mark "Young's Town" in his favor;
- "3. Respondent has not executed any deed of sale nor has transferred his trademark rights for "Young's Town" to anyone and he has no knowledge of an alleged deed of sale executed by his mother, Soledad Kawson, in favor of Lioni T. Ngo, that the General Power of Attorney did not include the authority to transfer respondent's trademark rights.

The complainant's trademark registration was cancelled for failure to file an Affidavit of Use,

That the complainant's filing of a trademark application is a recognition by the complainant that it has no existing registration or intellectual property rights to the mark "Young's Town."

The issues having been joined, the case was set for pre-trial conference. For failure of the parties to reach an amicable settlement, the case proceeded to trial on the merits.

Admitted as evidence for the complainant are Exhibits "A" to "V" consisting of the following:

- Exhibit "A" – Affidavit of Mrs. Lapaz K. Ngo dated 16 February 2004;
- Exhibit "B" – Amended Articles of Incorporation;
- Exhibit "C" – Deed of Absolute Sale dated 25 October 1982;
- Exhibit "D" – General Power of Attorney dated 22 December 1976;
- Exhibit "E" – Certificate of Registration No. 46006 issued by the then BPTTT on 16 August 1989 in favor of Opposer
- Exhibit "F" – Certificate of Registration No. 8131 issued by the then BPTTT on 10 April 1989 in favor of Opposer
- Exhibit "G" – Sales Invoices of Fishwealth for the sales of Young's Town sardines on various dates;
- Exhibit "H" – several Young's Town sardines labels;
- Exhibit "I" – Demand letter dated 10 February 2004;
- Exhibit "J" – Computer print-out from the website of the Bureau of Trademarks, IPO;
- Exhibit "K" – Affidavit of Myrna Lucas;
- Exhibit "L" – Receipt from Rustan's Supermarket dated 26 February 2004;
- Exhibit "M" – Receipt from Landmark Corporation dated 28 February 2004;
- Exhibit "N" – Receipt from SM Supercenter dated 2 March 2004;
- Exhibit "O" – Receipt from Masagana Superstore dated 2 March 2004;
- Exhibit "P" – Receipt from Robinson's Supermarket dated 2 March 2004;
- Exhibit "Q" – Receipt from Isetann Department Store dated 3 March 2004;
- Exhibit "R" – Articles of Incorporation of Maunland;
- Exhibit "S" – Request for admission served personally on respondent through LBC Express-MM, Inc. on May 27, 2004, with a copy thereof furnished by registered mail to respondent and another copy to his legal counsel, Atty. Oscar Manahan;
- Exhibit "T" – Certification issued by the Director of the Bureau of Legal Affairs of certified true copies of certain documents from the records of Inter Partes Case No. 14-2004-00134;
- Exhibit "U" – Affidavit of Lapaz K. Ngo in lieu of her direct testimony pursuant to Section 3 (a) of Rule 9 of the Rules and Regulations on Administrative complaint;

Exhibit "V" – Labels showing how complainant has been continuously using the trademark YOUNG'S TOWN on sardines and mackerel during the effectivity of the Registration No. 46006 and No. 8131 and even after its failure to file the required affidavits of use following the fifth anniversary of said registrations.

On the other hand, admitted as evidence for the respondent are Exhibits "1" to "19" consisting of the following, to wit:

- Exhibit "1" – Important reminder for Certificate of Trademark Registration No. 46006;
- Exhibit "2" – Important Reminder for Certificate of Trademark Registration No. 8131;
- Exhibit "3" – Trademark Application No. 4-2004-0001243;
- Exhibit "4" – Notice of Cancellation (Certificate of Trademark Registration No. 46006);
- Exhibit "5" – Notice of Cancellation (Certificate of Trademark Registration No. 8131);
- Exhibit "6" – Official Action for S.R. – 13167, (Paper No. 3) dated January 12, 1989;
- Exhibit "7" – Response to Official Action (Paper No. 3) of Fishwealth Canning Corporation received by BPTTT last 8 March 1989;
- Exhibit "8" – Affidavit of Henry N. Kawson;
- Exhibit "9" – BIR Certification dated September 27, 2004 of the registration of Young's Trading in the name of Henry N. Kawson;
- Exhibit "10" – Certified True Copy of the Certificate of Registration No. R-2727 for Young's Town issued to respondent Henry N. Kawson;
- Exhibit "11" – Certified True Copy of the Certificate of Registration S.R. No. 8131 in the name of Fishwealth Canning Corporation;
- Exhibit "12" – Certified True Copy of the Certificate of Registration No. S.R. 8131;
- Exhibit "13" – Certified True Copy of the Certificate of Registration No. 46006;
- Exhibit "14" – Certified True Copy of the Certificate of Registration No. 46006 (S.R. 65921);
- Exhibit "15" – IPO Official Gazette, Volume VI No. 7;
- Exhibit "16" – Philippine Patent Office Renewal Certificate of Registration;
- Exhibit "17" – Young's Town label used by respondent's Young's Trading;
- Exhibit "18" – Certified True Copy of the Certificate of Registration No. 46006;
- Exhibit "19" – Certified True Copy of the Certificate of Registration No. SR-8131.

It is respondent Henry N. Kawson's act of filing an application for the registration of the mark "Young's' Town" for the goods "sardines, mackerel" under Class 29, on 23 February 2003 under Application Serial No. 4-2003-08131 (exhibit "A") representing therein that he is the

owner/applicant of the mark “Young’s Town” that triggered the filing by complainant of this case for “false and fraudulent declaration.”

At the outset, Section 162 of the Republic Act 8293 states, to wit:

“Section 162. *Action for False or Fraudulent Declaration.* Any person who shall procure registration in the Office a mark by a false or fraudulent declaration or representation, whether oral or in writing, or by any false means, shall be liable in a civil action by any person injured thereby for any damages sustained in consequence thereof.”

As pointed out by the complainant, the word “procure” is defined in Black’s Law Dictionary, Sixth Edition (West Publishing Company, 1990) as:

“Procure. To initiate a proceeding: to cause a thing to be done, to instigate, to contrive, to bring about, effect or causes. To persuade, induce, prevail upon or cause to do something.”

In Merriam Webster’s Third New International Dictionary, 1986 Edition, the word “procure” is defined as “to cause to happen or to be done, bring about: effect.”

Quite what is meant by the word “procure” is to include each and every stage of the application in securing a trademark registration. The above provision of law gives a speedy recourse for persons damaged by the falsity or fraud perpetrated in the course of obtaining registration for a mark. By the wording of Section 162, the action for false or fraudulent declaration may be instituted before or after the issuance of a trademark application. This seems the only sensible interpretation of the provision because it gives the owner of a mark an immediate course of action in the event that the owner sustains injury or damage during the pendency of the examination of the contested mark.

The crux of the controversy lies in the determination of the ownership of the mark “YOUNG’S TOWN” and the circumstances surrounding the filing of the application, which will conclude our finding of whether the acts of respondent constitutes a “false or fraudulent declaration” as contemplated under Section 162 of Republic Act 8293.

In the determination of ownership and acquisition of rights to a trademark, Section 122 of Republic Act 8293 provides as follows:

“Section 122. *How Marks are Acquired.* The rights in a mark shall be acquired by registration made validly in accordance with the provisions of this law.”

On the other hand, Republic Act 166, or the old trademark law provides:

“Section 2-A. *Ownership of trademarks, trade names or service marks how acquired.* Anyone who lawfully produces or deals in merchandise of any kind or who engages in any lawful business or who renders any lawful service in commerce, by actual use thereof in manufacture of trade, in business, and in the service rendered, may appropriate to his exclusive use a trademark or trade name or service mark not so appropriated by another, to distinguish his merchandise, business or service from the merchandise, business or service of others. The ownership or possession of a trademark, trade name or service mark, heretofore or hereafter appropriated, as in this section provided, shall be recognized and protected in the same manner and as to the same extent as are other property rights known to the laws.”

Based on the aforequoted provisions, the acquisition of a right under the Intellectual Property Code R.A. 8293 is through registration made validly in accordance with the law. On the other hand, under the old Trademark Law, R.A. 166, as amended, the ownership of a trademark is acquired by the actual use of the mark in trade or commerce.

In filing applications under the new law, R.A. 8293 actual use in commerce of the mark is no longer a requirement before a person can lodge a trademark application. However, under the provisions of the old law, actual use in commerce for a period of at least two months before the filing of an application is required.

Under the new law, R.A. 8293, respondent is under no obligation to use the mark in actual commerce before he can file his application. Be that as it may, even if an applicant is first to file an application for a trademark under the new law, it does not automatically entitle him to the registration of the mark applied for. It goes without saying that the applicant should still competently establish his entitlement to the mark applied for by showing compliance to the requirements for registrability of the mark which is that he should use the mark within three years from date of filing, otherwise the application shall be refused or if already registered, be removed from the register. In addition, his application must not be in derogation of previously acquired and existing rights.

In this regard, respondent points out that Section 124.2 on the Requirements of Registration states, to wit:

“124.2. The applicant or the registrant shall file a declaration of actual use of the mark with evidence to that effect, as prescribed by the Regulations within three (3) years from the filing date of the application. Otherwise the application shall be refused or the mark shall be removed from the Register by the Director.”

In complying with this requirement of filing a declaration of actual use and by attaching evidence to that effect, applicant should not perjure himself just to ensure compliance and thereafter be issued a registration certificate.

It must be emphasized at this point that although actual use is not a requirement in filing an application for trademark registration under the new law, an applicant must show by filing a declaration of actual use, that he is indeed using the mark within three years from filing date of his application. Otherwise, such application shall be REFUSED or REMOVED from the register if already registered. After all, trademark rights grow out of use.

In the case of Sterling Products International, Inc. vs. Farbenfabriken Bayer Aktiengesellschaft, No. L-199006. 30 April 1969, the Supreme Court rules: “Adoption alone of a trademark would not give exclusive right thereto. Such right grows out of their actual use.”

It is observed in the instant case that the records is bereft of any showing that the respondent sold sardines and mackerel bearing the mark “YOUNG’S TOWN” to any customer.

There is no debate that the mark “YOUNG’S TOWN” was previously registered under Registration No. 8537 dated 25 November 1960 for the goods “sardines, mackerel, anchovies and sauries under Class 29, in the name of Respondent’s father, Kaw Ching Tiak. (Exhibit “10”-C) and that registrant, Kaw Ching Tiak (Hilario S. Kawson) died on June 27, 1975 (Exhibit “XX”). The father’s trademark rights were transferred to Respondent, Henry S. Kawson in 27 June 1975. The Certificate of Renewal of Registration No. 2727 was issued to Henry Kawson in 31 August 1982 (Exhibit “10”). However, respondent’s renewal registration was subsequently cancelled for failure to file the required affidavit of use. (Exhibits “15” and “16”).

On the other hand, complainant alleges that on 25 October 1982, respondent, Henry Kawson, acting through his mother, Soledad Kawson sold respondent’s right to the trademark “Young’s Town” by executing a Deed of Absolute Sale in favor of Lioni Ngo.

In this regard, records show that respondent executed a General Power of Attorney in favor of his mother, Soledad Kawson on 22 December 1976 (Exhibit “D”) and that he did not challenge the execution of this document but argues that the General Power did not include the

authority to transfer his trademark rights to the complainant. The General Power of Attorney provides:

- “1. To manage and administer all, any property, real or personal, that may be found in the Philippines; xxx
- “4. To purchase and sell, mortgage or otherwise hypothecate goods, wares, merchandise, chattels, choses in action, and other personal property in possession or in action.”

It appears that the General Power of Attorney executed by respondent sufficiently empowered Soledad Kawson to sell his right to the mark “YOUNG’S TOWN” to Lioni Ngo. A General Power of Attorney permits the agent to do all acts for which the law does not require a special power. Trademarks are in the special category of properties, but not in the nature of real or immovable property that require a special power for it to be sold. It is not even included in the enumeration of cases where Special Powers of Attorney are necessary, as provided for under Art. 1878 of the Civil Code of the Philippines.

Consequently, when the Deed of Absolute Sale dated 25 October 1982 (Exhibit “C”) was executed by Soledad Kawson under the authority validly granted by respondent, the ownership of the trademark YOUNG’S TOWN was effectively sold, ceded, transferred, assigned and conveyed to Lioni Ngo, his heirs, successors, administrators, executors, and assigns.

In spite of this, respondent vigorously denies knowledge of the execution of this Deed of Absolute Sale and secured a certification to show that the deed could not be located in the archives for notaries. However, this fact alone does not prove its non-existence. As borne out by the records, a photocopy of the Deed of Absolute Sale consisting of two pages which is referred to in official action paper no. 3 was found inside the file wrapper of Certificate of Registration No. 8131. (Refer to Transcript of Stenographic Notes dated 24 February 2005, page 5). More importantly, the original Deed of Sale was shown to the court and a faithful reproduction thereof marked as evidence during the hearing on 1 March 2004. (Refer to Transcript of Stenographic Notes dated 1 March 2005, page 11 and 12).

Moreover, it need not be gainsaid that a Request for Admission dated 27 May 2004 (Exhibit “S”) was sent by complainant to respondent and his counsel. The said Request for Admission served pursuant to Section 26 of the Rules of Civil Procedure contained the General Power of Attorney as well as the Deed of Absolute Sale. Rule 26 as a mode of discovery contemplates interrogatories seeking clarification in order to determine the truth of the allegations in a pleading. A request for admission should not merely reproduce or reiterate the allegations of the requesting party’s pleading but should set forth relevant evidentiary facts. (Po vs. Court of Appeals L-34341 August 22, 1988; Briboneria vs. Court of Appeals, G.R. No. 101682, 14 December 1992). Respondent’s failure to controvert the request for admissions is an implied admission of the substance of the request in accordance with Section 2 of Rule 26.

Assuming *arguendo* that the deed of sale was not validly executed and that no transfer was made by respondent to the complainant, the ownership of the mark “Young’s Town” would still belong to the complainant. Evidence glaringly show that respondent by his own admission stopped using the mark in 1983. Respondent never engaged in business or commercially used the mark “Young’s Town” at any time thereafter. On the contrary, it is complainant who exclusively used the mark “Young’s Town” in commerce.

We now turn to complainant’s evidence of use of the mark “YOUNG’S TOWN” by the complainant. Witness Lapaz Ngo, in the hearings conducted on 1 March 2004 and 29 October 2004 relates how the business started.

She testified they were authorized to use the mark even in the early 70’s. First through Lapaz Sales Center, Lapaz Sales Corporation which corporate name was amended to

Fishwealth Canning Corporation. (TSN, 1 March 2004, pages 40 & 59 and TSN, 29 October 2004, pages 32 & 33)

The record is replete with evidence of commercial use by the complainant of the "YOUNG'S TOWN" mark. Exhibit "G" are sales invoices of Fishwealth for the sales of "Young's Town" sardines on various dates and Exhibit "H" consist of several "Young's Town" sardines labels. Various receipts from Rustan's Supermarket dated 26 February 2004 Exhibit "L", Landmark Corporation dated 28 February 2004 (Exhibit "M"); SM Supercenter dated 2 March 2004 (Exhibit "N"); Masagan Superstore dated 2 March 2004 (Exhibit "O"); Robinson's Supermarket dated 2 March 2004 (Exhibit "P"); Isetann Department Store dated 3 March 2004; (Exhibit "Q") were likewise presented. Additional labels (Exhibit "V") were also submitted to prove that complainant has been continuously using the trademark YOUNG'S TOWN on sardines and mackerel during the effectivity of the complainant's Registration No. 46006 and NO. 8131 and even after its failure to file the required affidavits of use following the fifth anniversary which resulted to the cancellation of the aforestated registrations in favor of Complainant.

Although both registrations of Complainant were cancelled due to its failure to file the required affidavits of use within the one year period following their fifth anniversary on April 10, 1994 and August 16, 1994, respectively, (Exhibits "4" and '5") there are clear and convincing evidence showing that Opposer continued the lawful and commercial use of the mark YOUNG'S TOWN for sardines and mackerel. Hence, Complainant's failure to file the required affidavit of use does not constitute abandonment of its trademark YOUNG'S TOWN. Complainant's failure to comply with the mandatory requirement of Section 12 of the Trademark Law is not an act of abandonment of the use of the mark. As the evidence on record will show, Opposer never abandoned the use of its trademark YOUNG'S TOWN.

"Abandonment which is in the nature of forfeiture of a right, must be shown by clear and convincing evidence (74Am. Jur. 2d, p. 722). To work an abandonment, the disuse must be permanent and not ephemeral; it should be intentional and voluntary and not involuntary or even compulsory (Philippine Nut vs. Standard Brands, Inc., 65 SCRA 575)."

Complainant, Fishwealth Canning Corporation, being the owner of the mark "YOUNG'S TOWN", having previously used the mark in commerce under Sec. 2-A of Republic Act 166 before the effective date of the Republic Act 8293 but failed to maintain the registration of its mark is still entitled to enforce its right under the new law particularly under Section 236 of Republic Act 8293 which states thus:

"Section 236. *Presevation of Existing Rights* – Nothing herein shall adversely affect the rights on the enforcement of rights in patents, utility models, industrial designs, marks and works, acquired in good faith prior to the effective date of this Act."

The aforequoted provision of law gives the owner of the mark acquired in good faith prior to the effective date of Republic Act 8293 the right to enforce its mark.

On the other hand, although respondent, Henry Kawson asserts to be the indentor and importer of the Young's Town sardines from Japan through his ownership of the enterprise Young's Trading from 1982 to 1983, there is no iota of evidence of sales, licenses or import documents that would bolster his claim that he has continuously conducted any business thereafter. Apart from the BIR Certification that he owns Young's Trading (Exhibit "9"), his claim of ownership of the trademark "YOUNG'S TOWN" from 1992 until it was cancelled in 6 January 1995 is specious and inaccurate. He testified:

"Atty. Sioson: According to the BIR. But at present, are you selling, or manufacturing "Young's Town's" sardines and mackerels under the name of Young's Trading?"

Mr. Kawson: I never. We never manufactured or sold it because we are the indenter.

Atty. Sioson: You never sell it?

Mr. Kawson: We never sell it.”

(Transcript of Stenographic Notes, 26 February 2005, pp. 10, 11)

He likewise categorically stated at the hearing on 26 November 2004 that there were no more importation after 1983.

Moreover, even though respondent adamantly maintained that he believes he is still the owner of the mark “YOUNG’S TOWN”, he also acknowledged that it is his mother, Soledad Kawson who takes care of the sardines business. In short, he admitted not participating in the management of “YOUNG’S TOWN”. He testified:

“Atty. Sioson: But you stated that your certificate was cancelled in 1995. Are you saying that, notwithstanding, the cancellation of your registration in 1995, you still continue to be the owner of the trademark “Young’s Town”?”

Mr. Kawson: The cancellation of “Young’s Town” in 1995, which I did not receive, because I no longer go to the office of my mother, because I was instructed by my mother to take charge of real property business and she takes care of Young’s Town. I was never informed.

Atty. Sioson: Because of that you entertained the belief that you continue to be the owner of the trademark “Young’s Town”, notwithstanding its cancellation in 1995?

Mr. Kawson: I was never informed.

Atty. Sioson: You were informed. But in September, more particularly on 3 September 2003, you filed a trademark application to register the trademark “YOUNG’S TOWN” before this Office, is that correct?

Mr. Kawson: Yes.

Atty. Sioson: Now, how will you explain why you have to file an application on 3 September 2003 to register the trademark “Young’s Town” when according to you, you continued to be the owner of the trademark, up to now?

Mr. Kawson: Since the trademark was transferred to me in 1982, no one told me anything. So in my mind, I am the owner. Up to 2002, since I am no longer in communication with my mother and she never said anything about any movements of the trademark and I presumed that I’m still the owner, so came 2003, I went over and check and they told me to reapply. And I filed everything they told me.

(Transcript of Stenographic Notes, 26 February 2004, pp. 17, 18)

It is plain and obvious from the testimony of respondent at the hearing conducted on 26 February 2004 that his mother “takes care of YOUNG’S TOWN” while he is in charge of the real estate business. He was also able to confirm that the signature appearing in the General Power



of Attorney is his mother's signature but he no longer communicates with his mother. (TSN pp. 27-33, 37) In reiteration, the respondent indeed executed a General Power of Attorney in favor of his mother and by virtue of his power, his mother sold the mark "YOUNG'S TOWN" to Lioni Ngo, now President of Complainant corporation. Respondent therefore bound by the consequences of his valid and legal act of entrusting his mother to manage his affairs.

Respondent also presented labels of the "YOUNG'S TOWN" (Exhibit "17"). However, on cross examination, he explained that these were labels used by his father when he was alive.

Atty. Sioson: Yah. But in the certificate issued by the former Philippine Patent Office what appears as the owner of the brand was in the name of your father or in the name of Young's Town trading?

Mr. Witness: In the name of my father.

Atty. Sioson: And your father died in June 27, 1975?

Mr. Witness: Yes.

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Atty. Sioson: And this label which have been marked as Exhibit "17" was the label being used by your father while he was still alive?

Mr. Witness: Yes, Sir."

(Transcript of Stenographic Notes, February 17, 2005, pages 26, 27)

At the hearing conducted on 21 January 2005 Witness Lapaz Ngo Testified that respondent was present when respondent's mother signed the Deed of Absolute Sale. Yet, it behooves us that respondent never questioned his aunt Lapaz Ngo, uncle Lioni Ngo or mother Soledad Kawson regarding the Deed of Absolute Sale of the mark "YOUNG'S TYOWN" from 1982 when he had all the opportunity to do so. Instead, he remained complacent.

Moreover, it is credible how he could feign ignorance of the fact that his relatives were in the business of manufacturing and selling sardines using the mark "YOUNG'S TOWN" if he insists he is the owner. From the time the complainant engaged in the business in the 1970's continuously up to the present, respondent had not taken any concrete action to confirm whether the complainant's were doing business on his behalf or independently on its own. Respondent maintains that he believed that the sardines manufacture by his uncle Lioni Ngo which bear the "YOUNG'S TOWN" mark is his, yet it is hard to believe that he did not even complain nor wonder why he never received any commission nor income for these sales.

Curiously, in September 2003, despite acknowledging that he is not manufacturing or selling sardines at the time of his application and knowing fully well that his renewal certificate of registration 2727 was cancelled in 1995, respondent represented to be selling sardines with the YOUNG'S TOWN label at Rustan's, Landmark, and Robinson's (Exhibit "T"). This false declaration, his silence for so many years and sudden interest in the mark "YOUNG'S TOWN" are badges of fraud.

The Supreme Court in the landmark case of Ana L. Ang vs. Toribio Tedoro, No. 48226, 14 December 1942 ruled "the owner of a trademark or trade name has a property right which he is entitled to protection, since there is damage to him from confusion of reputation or goodwill in the mind of the public as well as from confusion of goods. The modern trend is to give emphasis to the unfairness of the acts and to classify and treat the issue as fraud."

Based on the foregoing, this Office can only conclude that by applying for registration falsely and fraudulently representing to be the owner of the mark and falsely declaring that he is using the mark just to comply with the requirements of Sec. 124.2 of the R.A. 8293 to ensure compliance to the requirement for registration of the trademark "YOUNG'S TOWN", are acts contemplated under Sec. 162 of R.A. 8293 for which Complainant is entitled to damages.

The complainant also seeks to hold respondent liable for unfair competition under Section 168, R.A. 8293.

Evidence unmistakably shows that it was through complainant's skill, diligence and efforts that goodwill for the mark YOUNG'S TOWN was generated.

In the case of *Aljambra Cigar etc. vs. Mojica*, No. 8937, 21 March 1914, the Supreme Court held that the "relief against unfair competition is properly afforded upon the ground that one who has built up goodwill and reputation for his goods or business is entitled to all other benefits therefrom. Such goodwill is property and like any other property, is protected against invasion.

Undoubtedly, complainant has attained and built goodwill throughout its years in business and the same was injured by respondent's act of filing and representing therein to be the owner of the "YOUNG'S TOWN" mark. However, respondent does not conduct business nor sell "YOUNG'S TOWN" sardines and mackerel. (TSN 26 February 2005, pp. 10-11)

In the words of Section 168, the scope of protection in unfair competition is not limited to the acts enumerated therein. Section 168.3 (c) provides that "Any person who shall make any false statement in the course of trade or who shall commit any other act contrary to the good faith of a nature calculated to discredit the goods, business, or services of another."

However, this Office rules out unfair competition because the false statement did not discredit the complainant in competition even if such false statement proximately caused the confusion which injured the complainant, as said acts of respondent deprived complainant of the opportunity to gain crucial and important investments from potential investors.

As regards damages, as evidenced by the testimony of witness Lapaz Ngo at the hearing on 5 March 2004 (TSN 5 March 2005 pp. 12-15) and the letter dated March 13, 2004 from Mr. Francis Chung, President and General Manager of Century Container Corporation, an investor, attached as Annex "B" of Memorandum of Complaint (Re Application for Temporary Restraining Order) to the effect that "they will be forced to back out from the negotiation to infuse capital to Opposer's Company as Joint Venture due to the discovery of a pending unresolved claim of Mr. Henry Kawson of the mark YOUNG'S TOWN. In fact, Mr. Willy Co of Allied Bank who is also in the group has already withdrawn.

Under Section 162 of the IP Code, a person who shall procure registration by a false or fraudulent declaration or representation shall be liable to any person for any damage sustained as a consequence thereof. Complainant therefore is entitled to exemplary damages and attorney's fees.

Exemplary damages are imposed, by way of example or correction for the public good, in addition to the moral, temperate, liquidated, or compensatory damages. (Article 2229 of the Civil Code).

Attorney's fees may be recovered when exemplary damages are awarded. (Article 2208 of the Civil Code; *Coca Cola Bottler's Phils., Inc. vs. Roque*, 308 SCRA 215).

With regard to moral damages, the same cannot be granted in favor of the corporation because being an artificial person and having existence only in legal contemplation, it has no feelings, no emotions, no senses. It cannot, therefore, experience physical suffering and mental anguish which can experience only by one having a nervous system. (*ABS-CBN Broadcasting*

Corporation vs. CA, 301 SCRA 572). For this reason, we deny complainant's claim for moral damages.

WHEREFORE, premises considered, this Office finds and so hold that respondent, Henry Kawson made a false and fraudulent written declaration in procuring the registration of the mark "YOUNG'S TOWN" causing injury and damages to herein Complainant, Fishwealth Canning Corporation and is liable under Section 162 of Republic Act 8293.

Accordingly, Respondent is hereby ordered to pay to the Complainant damages in the amount of FIVE HUNDRED THOUSAND PESOS (PHP500,000) as exemplary damages and ONE HUNDRED THOUSAND PESOS (PHP100,000) in attorney's fees. As prayed for, respondent is hereby permanently enjoined from pursuing his trademark application serial no. 4-2003-008131 for the mark "YOUNG'S TOWN" and from using the trademark YOUNG'S TOWN on sardines and mackerel. Moreover, if registration for the mark "YOUNG'S TOWN" has been obtained during the course of these proceedings, the same is hereby ordered CANCELLED.

SO ORDERED.

Makati City, 23 June 2005.

ESTRELLITA BELTRAN-ABELARDO  
Director, Bureau of Legal Affairs  
Intellectual Property Office