

PHILIPPINE STEEL COATING	}	Inter Partes Case No. 13-1999-00028
CORPORATION and PHILMETAL	}	
PRODUCTS, INC.,	}	Petition for Cancellation of:
Petitioners,	}	
	}	Patent No.: D-7345
-versus-	}	Date Issued: Jan. 30, 1997
	}	Title: "ROOFING SHEET"
NATY DY,	}	
Respondent-Patentee, }	}	Decision No. 2005 - 08
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DECISION

This is a Petition for Cancellation of Letters Patent No. D7345 issued on January 30, 1997 for "Roofing Sheet" instituted by Petitioners, Philippine Steel Coating Corporation ("Philsteel") and Philmetal Products, Inc. ("PMPI") against Respondent-Patentee, Naty Dy.

Petitioners, Philippine Steel Coating Corporation ("Philsteel") and Philmetal Products, Inc. ("PMPI") are affiliated corporations duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal places of business at Philsteel Tower, 140 Amorsolo St., Legaspi Village, Makati City. Respondent-Patentee, Naty Dy, is a Filipino citizen with address at Sta. Cruz, Manila, Philippines.

Respondent-Patentee applied for the design patent subject matter of this proceeding on January 25, 1995. After due examination, the then Bureau of Patents, Trademarks and Technology Transfer found that the application complied with the requirements of Republic Act No. 165 (Affidavit of Naty Dy, Exhibit 2 for Respondent-Patentee). She was then issued letters patent No. D-7345 on June 17 197 for the roofing sheet design valid for five years from January 30, 1997 which was subsequently given a first extension of another five (5) years effective January 30, 2002 (Exhibit 1 for Respondent-Patentee)

Then sometime in the first quarter of 1999, Respondent-Patentee joined the bidding for the supply of roofing sheets for the construction of the MRT III project. Her roofing sheet product carried the design which is the subject of this instant case. To her surprise, she lost to petitioner who also offered a roofing sheer similar in all respects to the design covered by Letter Patent No. D-7345 issued in her name.

On April 12, 1999, the law firm of Agrava, Lucero, Roxas and Martinez wrote to Petitioner PMPI a demand letter informing PMPI that their client, Naty Dy was granted by the Bureau of Patents, Trademarks and Technology Transfer certificates Nos. D-7343, D-7344 and D-7345 dated January 30, 1997 covering the designs of roofing sheets. The said law firm demand that PMPI should immediately cease and desist from selling or distributing roofing sheets with the same design as the patented roofing sheets of their client and to withdraw from circulation PMPI's sample products carrying such designs. Otherwise, said law firm threatened to bring an action against PMPI for injunction and damages.

On July 16, 1999, PMPI and PHLSTEEL, filed a petition for the cancellation of Letter Patent No. D-7345. The grounds alleged in the petition for cancellation are as follows:

- "1. The subject matter of the industrial design is not registrable within the terms of Sections 112 and 113;
- "2. The subject matter is not new or original."

Petitioners rely on and submit the following facts to support the petition:

- “1. Petitioner are and have been for many years engaged in the manufacture and marketing of world-class building materials that are both durable and economical.
- “2. Petitioners Philsteel is the country’s leading manufacturer of galvanized and pre-painted steel sheets and coils with total assets amounting to P/890 Million and total sales of P/1.9 billion in 1998.
 - 2.1 In 1990, PHILSTEEL drew the blue print – of anew company that could produce world-class building materials. The company was called Philmetal Products, Inc.
- “3. When petitioner PMPI began its rollforming operations in 1990, it was ranked 3rd among three existing rollforming companies in the country. From this humble start, PMPI climbed to the top and is now the number one rollformer among the more than twenty rollforming companies in the Philippines with more than 40% of the total market share. PMPI products are longspan and can be roll-formed to any lengths at job site.
- “4. To date, PMPI operates six manufacturing plants and eleven sales offices strategically located in key growth areas nationwide - - - affirming its commitments in bringing its quality products closer to the Filipino consumers.
- “5. Consistent with the petitioner’s policy of manufacturing products that assure end-users of value for money, all PHILSTEEL and PMPI products undergo the exacting technologies tests of quality recognized by the most advanced countries of the world like the American Standard for Testing material, Japan Industrial Standard and the Philippine National Standard.
- “6. PHILSTEEL and PMPI have continued to upgrade technological capabilities to put in place superior quality control facility, the acquisition and application of new technologies into area where the requirements for their products are increasing.
- “7. In 1986, highly skilled professionals from PHILSTEEL and PMPI conceived of and developed a new and original design of a roofing sheet, the characteristics feature of which are as follows:

“The characteristic feature of this design for a roofing sheet resides in the main body having a series of spacedly arranged major trapezoidal-shaped ridges alternated with a pair of spaced minor trapezoidal ridges, one end of said sheet having a breather portion and vertically extended end with horizontally bent tip.”
- “8. On December 16, 1986, an application for the grant of letters patent covering the above-described new and original design of a roofing sheet was filed with the then Philippine Patent Office (now Intellectual Property Office).
- “9. On August 19, 1987, letters patent no. D-1909 was issued by the then Philippines Patent office in the name of Abeto A. Uy.
- “10. Subsequently, Letters Patent No. D-3909 was assigned by patentee Abeto A. Uy to petitioner PHILSTEEL.

- “11. Sometime in April 1999, petitioner PMPI received a letter from the law firm of Agrava Lucero Roxas 7 Martinez informing PMPI that their client, respondent Naty Dy was granted by the Bureau of Patents, Trademarks and Technology Transfer certificates nos. D-7343 and D-7344 and D-7345 on January 30, 1997, covering the designs of roofing sheets.
- 11.1 Additionally, the said law firm demanded that PMPI should immediately cease and desist from using the same designs and to withdraw from circulation PMPI’s sample products carrying such design.
- 11.2 More, the said law firm threatened to bring an action for injunction and damages against PMPI.
- “12. An examination of the alleged design of a roofing sheet covered by Letters Patent No. D-7345 issued on the name of respondent Naty Dy on January 30, 1997 will readily show that the said design is substantially similar if not identical, with the design of a roofing sheet covered by letter patent No. 3909 issued by the then Philippine Patent Office on August 19, 1987 in the name of Abeto A. Uy and subsequently assigned to petitioner PHILSTEEL.
- “13. It cannot be gainsaid, therefore, that it is respondent Naty Dy who copied and infringed the design of a roofing sheet covered by Letters Patent no. D-3909 issued on August 19, 1987, long prior to the filing of the patent application by respondent for a similar and/or identical design of a roofing sheet on January 20, 1995.
- “14. The alleged design of a roofing sheet claimed to have been designed by respondent Naty Dy is not new or original and not patentable under the relevant provisions of Republic Act 8293.
- “15. Furthermore, respondent Naty Dy falsely claimed under oath in her application that she is the original, first and sole inventor of a roofing sheet design; that she does not know that the same was ever known or used by others in the Philippines before her invention thereof, or patented or described in any printed publication in any county more than six months prior to the date of her application, or in public use or on sale in the Philippines when in truth and in fact she is not the true, actual and original designer thereof nor did she derive her right thereto from the true and original designer.”

In her answer, respondent Naty Dy denied the allegations and raised the following special and affirmative defenses:

- “5. Respondent was issued Letters Patent No. 7345 on June 17, 1997 corresponding to a roofing sheet design effective for five years from January 30, 1997
- “6. A mere visual comparison of the drawings of petitioner’s Letter Patent No. 3909 and that of respondent readily shows that the designs are distinct from each other.
- “7. Hence, Respondent Dy could not have copied petitioner’s design.
- “8. As respondent’s patent is not similar to Petitioner’s, her design as previously determined by this Honorable Office, is new and original and is

registrable within the terms of Sections 112 and 113 of the Intellectual Property Code.”

A pre-trial conference was held and hereafter, for failure of the parties to settle the case amicably, the parties were directed to present their respective evidence.

After admitting the evidence of the parties, oral and documentary, Order No. 2000-410 was issued by this Office directing the parties to file their respective memorandum within thirty (30) days from receipt of the Order, after which the case was deemed submitted for decision.

The main issues to be resolved in the instant case are:

Whether or not Respondent-Patentee’s Design Patent No. D-7345 was not new or original at the time of the application thereof and, therefore, ought to have been registered, and

Whether or not Respondent-Patentee’s Design Patent No. D-7345 appropriated the novel ornamental features of Petitioner’s Design Patent No. D-3909.

Petitioners aver that the design of a roofing sheet covered by Letters Patent No. D-7345 issued to Respondent-Patentee Naty Dy on January 30, 1997 was not new or nor original and already publicly known or sold in the Philippines more than six (6) months before the filing of the application for design patent on January 20, 1995. (*PETITIONER’S MEMORANDUM*) It alleged that the design of a roofing sheet covered by Letters Patent No. D-7345 issued in the name of Respondent-Patentee Naty Dy on January 30, 1997 is substantially similar, if not identical, with the design of a roofing sheet covered by Letters Patent No. D-3909 issued by the then Philippine Patent Office on August 19, 1987 in the name of Abeto A. Uy and subsequently assigned to Petitioner Philsteel. (*PETITIONER’S PETITION FOR CANCELLATION, PAR. 12*), hence, the roofing sheet design of Naty Dy is n longer new or patentable at the time of the filing of her application for design patent on January 20, 1995. (*PETITIONER’S MEMORANDUM*)

Design patents are issued pursuant to Section 55 of R.A. 165, the law applicable in this case, which provides that:

“Sec. 55 *Design patent and patents for utility models.* – (a) any new, original and ornamental design for an article of manufacture and (b) any new model or implements or tools or of any industrial product, or of part of the same, which does not possess the quality of invention, but which is of practical utility by reason of its form, configuration, construction or composition, may be protected by the author thereof, the former by a patent for a design and the latter by a patent for a utility model, in the same manner and subject to the provisions and requirements as relate to patents for inventions in so far as they are applicable, except as otherwise herein provided. (*underlining ours*)

The standard of novelty established by section nine hereof for inventions shall apply to ornamental designs. (*underlining ours*)

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For the standard of novelty required for design patents, Sec. 9 of R.A. 166 provides:

“Section 9. *Invention not considered new or patentable* – An invention shall not be considered new or capable of being patented if it was known or used by others in the Philippines before the invention thereof by the inventor named in an application for patent for the invention, or if it was patented or described in any printed publication in the Philippines or any foreign country more than one year before the application for a patent therefore; or it had been in public use or on

sale in the Philippines for more than one year before the application for a patent therefore; or if it is the subject matter of a validity issued patent in the Philippines granted on an application filed before the filing of the application for patent therefor.”

Referring to Section 9, Sec. 56 of R.S. 166 further provides:

“Section 56. *Six months publication.* – The period of one year specified in section nine, Chapter II, and section fifteen, Chapter III, hereof, for inventions shall be six months in the case of designs.”

The element of novelty is an essential requisite of the patentability of a design. If a design has been known or used by others prior to its application by the applicant, an application for a patent therefor should be denied; and if the application has been granted, the court, in a judicial proceeding in which the validity of the patent is drawn in question, will hold it void and ineffective. It has been repeatedly held that a design must possess the essential elements of novelty, originality and precedence, and for the patentee to be entitled to the protection, the design must be new to the world. (*ANGELITA MANZANO vs. COURT OF APPEALS, G.R. No. 113388. September 5, 1997*)

However, once a party has been issued a design patent, the design patent is presumed to be valid and a challenge to the validity of the design patent must be proven by clear and convincing evidence. (*VARGAS vs. YAPTICO & CO., G.R No. 14101, September 24, 1919*)

To meet the burden, Petitioners presented the testimony of Roberto Valdez, VP for Marketing of PMPI to prove that as early as March 14, 1990, Petitioner have caused the publication of advertisements of their roofing sheet design which was alleged to be similar, if not identical with Respondent-Patentee’s roofing sheet design. (*PETITIONER’S EXHIBIT C*) It presented additional publications showing or depicting their roofing sheet design alleged to be similar with Respondent’s Design. (*PETITIONER’S EXHIBIT A, B, F, G, H, I, J, K, L, INCLUDING DUBMARKINGS*) It also presented Letters Patent No. D-3909, to prove that their roofing design is duly registered. (*PETITIONER’S EXHIBIT N INCLUDING SUBMARKINGS*)

To invalidate a design patent based upon a prior public use, the Petitioners must establish patent invalidity under the “Ordinary Observer Test” and the “Point of Novelty Test”. These are two distinct tests which must be satisfied in order to find patent invalidity as well as infringement. Thus the fact finder must compare the claim and the prior public use, employing both tests. (*BERNHARDT L.L.C. VS. COLLEZIONE EUROPA USA, INC., No. 04-1024, Fed. Cir. Oct. 20, 2004*)

Before comparing the parties’ Design Patents, their respective claims must be construed and their respective meaning and scope are determined. As the drawings are substantially “the claims” in a design patent application, all illustrated elements or features can be limiting to the scope of the patent.

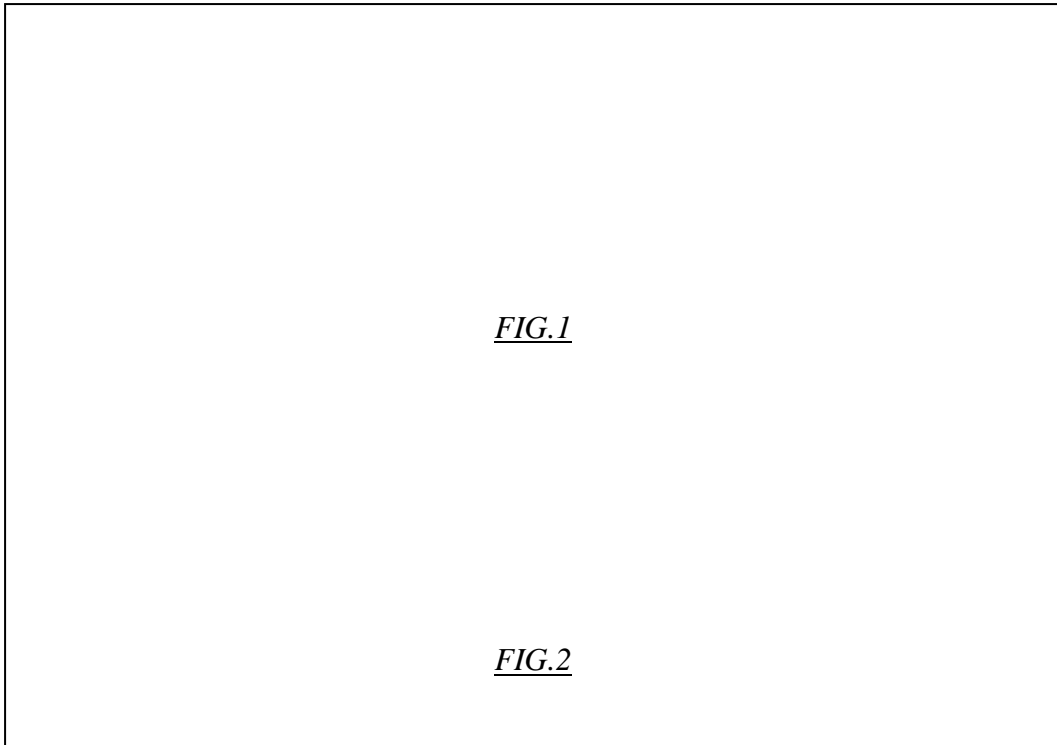
Petitioner’s Design Patent No. D-3909 with reference to the drawings reveals that it is an ornamental design for “Roofing Sheets” with the following specification, drawings and claims:

“FIGURE 1 is the perspective view of my present design for a roofing sheet; and

“FIGURE 2 is the front view thereof.

“The characteristic feature of this design for a roofing sheet resides in the main body having a series of spacedly arranged major trapezoidal-shaped ridges alternated with a pair of spaced minor trapezoidal ridges, one end of said terminates into a substantially trapezoidal-shaped ridge having a breather portion and vertically extended end with a horizontally bent tip.

"I claim the ornamental design for a roofing sheet substantially as shown and described"



On the other hand, Respondent-Patentee Design Patent No. D-7345, reveals an ornamental design for a roofing sheet with the following specification, drawings and claims:

"FIGURE 1 is a perspective view of the present design for a roofing sheet; and

"FIGURE 2 is a front view thereof.

"I claim:

"The ornamental design for a roofing sheet substantially as shown."

FIGURE 2

FIGURE 1

A reading of Petitioner's claims together with the drawings indicate that the novelty of Petitioner's design lies in the number and particular shape and arrangement of the ridges contained in the registered design, to wit:

"The characteristic feature of this design for a roofing sheet resides in the main body having a series of spacedly arranged major trapezoidal-shaped ridges alternated with a pair of spaced minor trapezoidal ridges, one end of said sheet terminates into a substantially trapezoidal-shaped ridge having a breather portion and vertically extended end with a horizontally bent tip."

Whereas, Respondent-Patentee claims the ornamental design for a roofing sheet substantially as shown in the drawings. This means that the novelty being claimed is its visual appearance as a whole and in particular the visual impression it creates.

Employing the "Ordinary Observer Test" we shall now compare the respective parties Design Patent for overall visual similarity. The "Ordinary Observer Tests" measure the similarity of design through the eyes of men generally, of observers of ordinary acuteness, bringing to the examination of the article upon which the design has been placed the degree of observation which men of ordinary intelligence give. (*GORHAM CO. vs. WHITE*, 81 U.S. (14 Wall.) 511, 528 (1871)). If the two designs are so alike that one may readily be taken the other by an ordinary observer, the earlier constitutes an anticipation of the later, notwithstanding differences in detail and in non-essential matters. (*SAGANDORTH VS. HUGER* 95 FED. 478)

In comparing the design, it must be judged from the overall visual appearance of the design, not from emphasis upon or pre-occupation with any of its individual elements. It must be taken the sameness in appearance, and mere difference in lines in the drawing or sketch, a greater or smaller lines or slight variances in configuration, if insufficient to change the effect in the eye, will not destroy the substantial identity. (*JESSIE G. CHING VS. WILLIAM L. SALINAS, JR.*, IPC DECISION NO. 2003-39, DECEMBER 23, 2003).

Comparing the two designs, the only similarity we can find is that both designs have trapezoidal ridges and find the following differences that strikes the eyes are:

- 1) The main of Respondent-Patentee's design has a series of major trapezoidal-shaped ridges alternated with a pair of spaced almost flat rectangular shaped ridges, one end of the said sheet terminated into vertically extended end with a horizontally bent tip, whereas, the main body of Petitioner's design having a series of major trapezoidal-shaped ridges alternated with a pair if spaced minor trapezoidal-shaped ridge having a breather portion and vertically extended with a horizontally bent tip;
- 2) The valley between the trapezoidal-shaped ridges of Respondent-Patentee's design contain a combination of a four rib design:
 - (a) wherein the four ribs are spacedly arranged near the edge of the sheet;
 - (b) wherein the four ribs on the side of the trapezoidal ridges has a raised conical profile which changes into a raised curved profile as it extends to the valley and terminating on the crest of the next rectangular ridge;
 - (c) wherein between the valley of the rectangular ridges contains four circle designs spacedly aligned with the four ribs, while Petitioner's design has no ribs between the trapezoidal ridges.
- 3) In Respondent-Patentee's design, one end of the said sheet has a spacedly arranged combination of four raised ribs having a conical profile, whereas, in Petitioner's design, the sheet has no ribs on either ends.

Based on the foregoing, this Office finds Respondent-Patentee design substantially different from Petitioner's design and does not constitute an anticipation of Respondent-Patentee's design. The design of the roofing sheet with raised ribs and circle surface ornamentation is not the same design ad the one without the ornamentation, because surface ornamentation on the roofing sheet contributes to the overall visual appearance and manifestly gives different visual impression from the roofing without the ornamentation. Hence, Petitioner has failed to establish individual under the "Ordinary Observer Test".

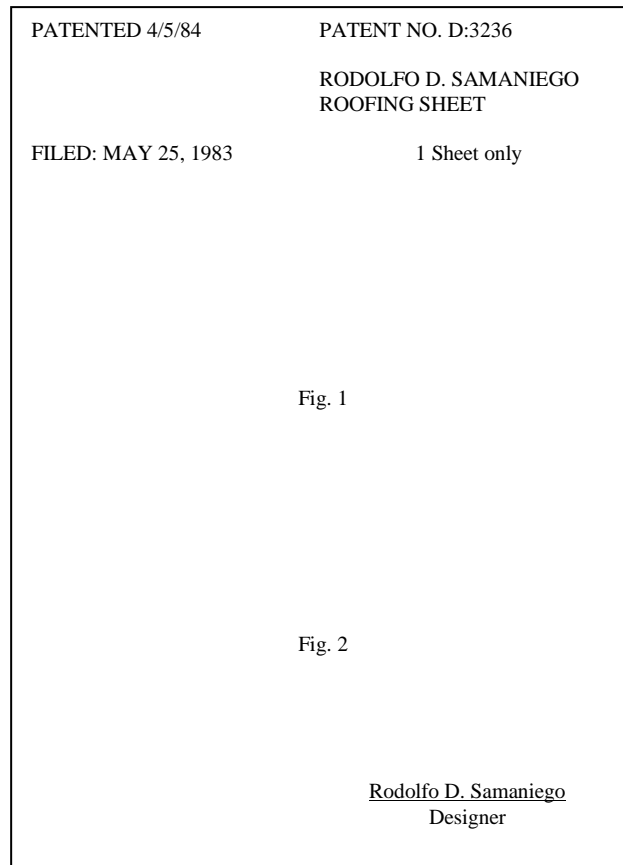
Comparing now the two design patents employing the "Points of Novelty Test", the points of novelty relate to differences from prior designs, and are usually determinable based on the prosecution history. (*GOODYEAR TIRE & RUBBER CO vs. HERCULES TIRE & RUBBER CO.*, 162 F. 3d 1113, 1118-21 Fed. Cir. 1998). The fact that finder generally will be able to determine the points of novelty that distinguish the design patent from the prior art by comparing the design patent with the cited prior art references, aided by any written statements of the applicant and examiner in the prosecution history. (*BERNHARDT L.L.C. VS. COLLEZIONE EUROPA USA, INC.*, No. 04-1024, Fed. Cir. Oct. 20, 2004)

To determine Petitioner's point of novelty, it must introduce into, at a minimum, its design patent, its prosecution history, and the relevant prior art references cited in the prosecution history; and must present, in some from its contention as to points of novelty. (*BERNHARDT L.L.C. VS. COLLEZIONE EUROPA USA, INC.*, No. 04-1024, Fed. Cir. Oct. 20, 2004) Petitioner introduced Letters Patent No. D-3909 and some advertisements and publications depicting roofing sheets incorporating the design covered by letters patent No. D-3909. Petitioner likewise presented the testimony of Roberto Valdez to prove that Petitioner's roofing was already known or used prior to the application of Respondent-Patentee's design patent.

Petitioners bore the evidentiary burden on invalidity. However, Petitioner did little at trial to assist the Office and prove its case as the evidence presented by the Petitioners is not enough for this Office to discern the points of novelty and the extent to which Respondent-Patentee' design incorporated the same. These are just proof of prior publication and registration but it does not support the contention that Petitioner's previously published roofing sheet design fell within the scope of Respondent-Patentee' design.

It is Petitioners' view that the point of novelty of its roofing sheet design are the trapezoidal ridges and was the basis of the grant of the patent and that the admission by the Respondent-Patentee during cross-examination that it appropriated trapezoidal ridges in its roofing sheet design makes her liable for infringement. (PETITIONER'S MEMORANDUM)

To dispute the claim of the Petitioner, Respondent-Patentee introduced Letters Patent No. D-3236 as a prior art reference in which trapezoidal ridges can be found, as shown below:



The said Patent No. D-3236 was patented on April 5, 1984 and was filed May 25, 1983 several years earlier than the claimed date of first use of the Petitioner. In Patent No. D-3236, we find that the trapezoidal ridges and the substantially trapezoidal-shaped ridge having a breather portion on one end of the sheet similar to that of the Petitioner's design.

Since trapezoidal ridge is not novel and can be found in the prior art, the same is not patentable. Petitioners view of the point of novelty is overly broad as Petitioner's design is barely novel and original. Roofing sheet design is a crowded art that Petitioners' design should be given a narrower scope. This is a crowded art where small differences can result in recognized overall appearance which is distinguishable because the general theme of trapezoidal ridges is so popular. Hence, this office concludes that the points of novelty of petitioners' design is, as we have determined earlier, not of the trapezoidal ridges but in the number and the particular shape and arrangement of the ridges contained in the registered design, to wit:

"The characteristic feature of this design for a roofing sheet resides in the main body having a series of spacedly arranged major trapezoidal-shaped ridges alternated with a pair of spaced minor trapezoidal ridges, one end of said sheet terminates into a substantially trapezoidal-shaped ridge having a breather portion and vertically extended end with a horizontally bent tip."

To borrow the words of the South African court in *HEMOCRAFT STEEL INDUSTRIES (Pty) Ltd. v. SM HARE (Pty) LTD 1984 (3) SA 681 (a)*:

“If only small differences separate the registered design from the prior art, then equally small differences between the alleged public prior use and the registered design will be held to be sufficient to avoid infringement.

Thus, it may be said that a registered design which is possessed of substantial novelty and originality will have a broader reading given to the monopoly which it affords than a design which is barely novel or original. In the latter case, where the novelty is small, the Court may refuse to hold anything to be an infringement, unless it is almost exactly like the registered design.”

Since the point of novelty of Petitioners' design does not appear in the Respondent's design, this Office finds that Petitioners failed to establish that Respondent-Patentee's design appropriated the novel features or the points of novelty of its roofing sheet design.

In sum, We conclude that there are a large number of differences between Petitioners' design and that of Respondent-Patentee's design and that since differences exist, We hold that Petitioners had failed to convince us that Respondent-Patentee's roofing sheets is a crowded art that we must construe the range of equivalents very narrowly. We find that the scope of protection which Petitioner's Design Patent No. D-3909 affords is limited in application to a narrow range: the series of spacedly arranged major trapezoidal-shaped ridges alternated with a pair of spaced minor trapezoidal ridges and the substantially trapezoidal-shaped ridge having a breather portion on one of end of the roofing sheet. Respondent-Patentee Design Patent No. D-7345, therefore, does not appropriate the novel ornamental features of Petitioners' Design Patent No. D-3909.

WHEREFORE, in view of all the foregoing, the Petition for Cancellation filed by Petitioner. Philippine Steel Coating and Philmetal Products, Inc., is, as it is hereby, DENIED. Consequently Letters Patent D-7345 issued on January 30, 2007, for Roofing Sheet design in favor of the Respondent-Patentee, Naty Dy remains VALID AND EFFECTIVE unless sooner cancelled by operations of law.

Let the filewrapper of Letters Patent D-7345 subject matter of this case forwarded to the Administrative, Financial and Human Resources Development Services Bureau (AFHRDSB) for appropriate action in accordance with this DECISION with a copy furnished the Bureau of Trademarks (BOT) for information and to update its record.

SO ORDERED.

Makati City, 11 May 2005.

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