



Republic of the Philippines
COURT OF APPEALS
Manila

Special Seventh (7th) Division

**AMBER'S BEST
RESTAURANT & IHAW-
IHAW, INC.,**

Petitioner,

CA-G.R. SP No. 137629

Members:

***LAZARO-JAVIER, A. C.,** Acting Chairperson,

****PAREDES, V.I. A.,** and

*****SADANG, M.Q. C., JJ.**

-versus-

**AMBER GOLDEN
PLATE RESTAURANT,**

Respondent.

Promulgated:

July 13, 2015

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DECISION

PAREDES, J.:

THE CASE

BEFORE US is the Petition¹ for Review filed by Amber's Best Restaurant & Ihaw-Ihaw, Inc. (petitioner) assailing the Decision² dated September 18, 2014 of the Director-General of the Intellectual Property Office (DG-IPO) in Appeal No. 14-2013-0046, which reversed and set

* Vice J. Magdangal M. De Leon per Office Order No. 275-15-RSF dated July 6, 2015.

** Acting Senior Member.

*** Vice J. Elihu A. Ybañez per Office Order No. 276-15-RSF dated July 6, 2015.

¹ Rollo, pp. 22-56.

² Ibid., pp. 61-8.

aside the decision³ dated June 21, 2013 of the Director of the Bureau of Legal Affairs (BLA) dismissing the petition for cancellation of registration of petitioner filed by Amber Golden Plate Restaurant (respondent).

THE ANTECEDENTS

Respondent was established⁴ and came into operation in 1988. It expanded its operations with the establishment of other branches in different places. In the late 1990s, Frida Morelos Baldonado (Baldonado), an incorporator and former treasurer⁵ of the respondent, established her own restaurant business using the name “Ihaw-Ihaw sa Amber” within the premises of respondent's place of business at Palanan, Makati. In 2004, petitioner was registered⁶ with the Securities and Exchange Commission. Until 2008⁷, petitioner conducted its business alongside respondent in Makati.

It appeared that on October 7, 2008, petitioner filed⁸ an application for the registration of the trademark “Amber's Best” for several related goods and services before the IPO. Respondent learned of petitioner's action when it filed its own application⁹ for the trademark “Amber” and logo on October 29, 2008. Meanwhile, petitioner's application was granted and subsequently matured into registration¹⁰ on March 9, 2009 under Registration No. 4-2008-12242.

Thereafter, respondent received a copy of Bureau of Trademark's Registrability Report¹¹ dated January 7, 2009 which concluded that “Amber” and logo cannot be registered because it “nearly resembles a

³ Ibid., pp. 71-7.

⁴ Ibid., pp. 342-57.

⁵ Ibid., pp. 104-6.

⁶ Ibid., pp. 224-41.

⁷ Ibid., pp. 195-214.

⁸ Ibid., p. 78.

⁹ Ibid., pp. 126-37.

¹⁰ Ibid., pp. 78-9.

¹¹ Ibid., pp. 150-3.

mark with an earlier filing or priority date and the resemblance is likely to deceive or cause confusion”.

As such, claiming that it was the first to use and register the term “Amber” as a business name and that petitioner's registration was made in bad faith, respondent filed a petition¹² for cancellation of petitioner's trademark registration. Petitioner filed its answer¹³ to the petition. When efforts at mediation failed, the case underwent full-blown proceedings.

Subsequently, on June 21, 2013, the BLA Director issued Decision No. 2013-47¹⁴, the dispositive portion of which reads:

WHEREFORE, premises considered, the instant petition is hereby **DISMISSED**. Let the filewrapper of Trademark Registration No. 4-2008-012242 be returned, together with a copy of this Decision, to the Bureau of Trademarks for information and appropriate action.

SO ORDERED¹⁵.

Aggrieved, respondent appealed¹⁶ to the DG-IPO. Petitioner filed its comment/opposition¹⁷ to the same and the parties participated in the ensuing alternative dispute resolution, but again, the same failed. On September 18, 2014, the DG-IPO issued the assailed Decision¹⁸, reversing Decision No. 2013-47 of the BLA, disposing of the appeal in this wise:

Wherefore, premises considered, the appeal is hereby granted.

¹² Ibid., pp. 81-101.

¹³ Ibid., pp. 177-83.

¹⁴ Ibid., pp. 71-7.

¹⁵ Ibid., p. 77.

¹⁶ Ibid., pp. 253-70.

¹⁷ Ibid., pp. 304-22.

¹⁸ Ibid., pp. 61-8.

Let a copy of this Decision be furnished to the Director of Bureau of Legal Affairs and the Director of Bureau of Trademarks for their appropriate action and information. Further, let a copy of this Decision be furnished to the library of the Documentation, Information and Technology Transfer Bureau for records purposes.

SO ORDERED¹⁹.

Hence, this petition for review, with petitioner raising the following issues:

WHETHER OR NOT THE DIRECTOR-GENERAL ERRED IN RELAXING THE RULE REQUIRING THE VALIDITY OF THE VERIFICATION AND CERTIFICATION OF NON-FORUM SHOPPING, GIVEN THE FACTUAL MILIEU OF THE PRESENT CONTROVERSY

WHETHER OR NOT THE REQUIREMENTS OF VERIFICATION AND CERTIFICATION OF NON-FORUM SHOPPING ARE FORMAL AND NOT JURISDICTIONAL REQUIREMENTS

WHETHER OR NOT PETITIONER WAS IN BAD FAITH VIS-A-VIS ITS USE AND REGISTRATION OF THE MARK "AMBER'S BEST"

WHETHER OR NOT PETITIONER VALIDLY REGISTERED THE MARK 'AMBER'S BEST'²⁰

THE COURT'S RULING

The petition is without merit.

¹⁹ Ibid., p. 68.

²⁰ Ibid., pp. 38-9.

On the procedural aspect, petitioner claims²¹ that Rhoda F. Fernandez was not authorized to sign the verification and certification of non-forum shopping on behalf of the respondent and, since no exceptional reasons for the relaxation of the rules have been shown, the petition for cancellation was properly dismissible²². *We are not convinced.*

While it has been the constant holding of the Supreme Court in cases instituted by corporations that an individual corporate officer cannot exercise any corporate power pertaining to the corporation without authority from the board of directors, it had, in other cases, recognized the authority of a corporate officer to sign the verification and certification against forum-shopping *sans* a board resolution or secretary's certificate so long as the officer is in a position to verify the truthfulness and correctness of the allegations and give assurance that the allegations in the pleading have been prepared in good faith²³. The determination of the sufficiency of the authority in such events are done on a case to case basis²⁴.

Under Rule 8, Section 4 of the Regulations on Inter-Partes Proceedings²⁵, a petition for cancellation of registration of marks must be filed in triplicate and shall be verified by the petitioner or by any person in his behalf who knows the facts. In the instant case, Ms. Fernandez, as an officer²⁶ of respondent, can be considered as having knowledge of all matters in respondent's business and is in a position to verify the truthfulness and the correctness of the allegations in the petition for cancellation²⁷, hence, she can sign the verification and certification without need of a board resolution²⁸. Respondent can be

²¹ Ibid., pp. 40-9.

²² Ibid., pp. 40-9.

²³ See *Pasos vs. Philippine National Construction Corporation*, G.R. No. 192394, July 3, 2013.

²⁴ See *Cagayan Valley Drug Corporation vs. Commissioner of Internal Revenue*, G.R. No. 151413, February 13, 2008.

²⁵ Office Order No. 18, Series of 1998.

²⁶ Rollo, pp. 362-7.

²⁷ See *Fuji Television Network, Inc. vs. Espiritu*, G.R. Nos. 204944-45, December 3, 2014.

²⁸ See *Sy vs. Fairland Knitcraft Co., Inc.*, G.R. Nos. 182915&189658, December 12, 2011.

considered to have substantially complied with the requirements of verification and certification against forum shopping.

Furthermore, notwithstanding the failure of respondent to strictly adhere to the rules on verification and certification against forum shopping, the petition for cancellation may not be dismissed on such procedural lapse alone, as the verification and certification against forum shopping, in this instance, is not jurisdictional. *In-n-Out Burger, Inc. vs. Sehwan, Incorporated, and/or Benitas Frites, Inc.*²⁹, is instructive on this point, that:

Moreover, the Court deems it proper not to focus on the supposed technical infirmities of Atty. Barandas Verification. It must be borne in mind that the purpose of requiring a verification is to secure an assurance that the allegations of the petition has been made in good faith; or are true and correct, not merely speculative. This requirement is simply a condition affecting the form of pleadings, and non-compliance therewith does not necessarily render it fatally defective. Indeed, verification is only a formal, not a jurisdictional requirement. In the interest of substantial justice, strict observance of procedural rules may be dispensed with for compelling reasons. The vital issues raised in the instant Petition on the jurisdiction of the IPO Director for Legal Affairs and the IPO Director General over trademark cases justify the liberal application of the rules, so that the Court may give the said Petition due course and resolve the same on the merits.

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Although the submission of a certificate against forum shopping is deemed obligatory, it is not jurisdictional. Hence, in this case in which

²⁹ G.R. No. 179127, December 24, 2008.

such a certification was in fact submitted, only it was defective, the Court may still refuse to dismiss and, instead, give due course to the Petition in light of attendant exceptional circumstances. (citations omitted; underscoring supplied)

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Indeed, verification of a pleading is a formal, not a jurisdictional, requirement intended to secure the assurance that the matters alleged in a pleading are true and correct. Thus, the court may simply order the correction of unverified pleadings or act on them and waive strict compliance with the rules. It is deemed substantially complied with when one who has ample knowledge to swear to the truth of the allegations in the complaint or petition signs the verification; and when matters alleged in the petition have been made in good faith or are true and correct³⁰. On the other hand, the certification requirement is rooted in the principle that a party-litigant shall not be allowed to pursue simultaneous remedies in different fora, as this practice is detrimental to an orderly judicial procedure. The submission of a certificate against forum shopping is thus deemed obligatory, though not jurisdictional as jurisdiction over the subject or nature of the action is conferred by law³¹. Not being jurisdictional, the requirement has been relaxed under justifiable circumstances under the rule of substantial compliance. As earlier stated, we find that the verification and certification of Ms. Fernandez, being an officer of respondent, is in harmony with the purpose for which the requirements were set.

Moreover, petitioner should have raised the defects on the verification and certification against forum shopping at the earliest opportunity in its answer. This it failed to do.

Rule 2, Section 10 of the Regulation on Inter-Partes Proceedings provide that while a motion to dismiss is not allowed, all grounds for

³⁰ See *Medado vs. Heirs of Consing*, G.R. No. 186720, February 8, 2012.

³¹ See *Torres vs. Specialized Packaging Development Corporation*, G.R. No. 149634, July 6, 2004; *Chinese Young Men's Christian Association of the Phil. Islands vs. Remington Steel Corporation*, G.R. No. 159422, March 28, 2008.

dismissal shall be pleaded as affirmative defenses in the answer. Nowhere in petitioner's answer³² were the defects on verification and certification against forum shopping, raised. We thus hold that petitioner is barred from raising said ground if only for its failure to invoke such ground at the first opportunity in the proceedings before the BLA³³.

It appears that the issue on the validity of the verification and certification against forum shopping was raised as an afterthought, as attention to the defect at the early stage of the proceedings was not brought up. This procedural issue was raised too late in the proceedings³⁴ below. The DG-IPO aptly ruled, that:

In this instance, the Bureau of Legal Affairs issued a notice to answer directing the Appellee (*now, the petitioner*) to answer the petition for cancellation. This gives the impression that the Appellant's (*the respondent herein*) petition is compliant with the requirements required in the filing of a petition for cancellation. Otherwise, the Appellant shall be ordered to comply with the requirements provided in the Regulations on Inter-Partes Proceedings. Moreover, neither did the Appellee raise in the proceedings in the Bureau of Legal Affairs any issue on the validity of the verification and certification of non-forum shopping. Consequently, fairness dictates that this case should be decided on the merits and not merely on technicalities. That this case should be decided on the merits is consistent to the principle that the law abhors technicalities that impede the cause of justice.

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³² Rollo, pp. 177-83.

³³ See *Young vs. Seng*, G.R. No. 143464, March 5, 2003.

³⁴ See *Pajuyo vs. Court of Appeals*, G.R. No. 146364, June 3, 2004.

The Director's belated reliance on technicalities is anathema to equity and fairness. It is contrary to the sound administration of justice for the Director to suddenly disown actions like the issuance of notice to answer and the order requiring the submission of position papers. In addition, Appellee willingly participated in the proceedings, submitted its answer and evidence, attended the preliminary conference, and submitted position paper. Like the Appellant, the Appellee was expecting a decision on the merits³⁵.

Suffice it to say that technical rules of procedure are liberally applied to administrative agencies exercising quasi-judicial functions. The intention is to resolve disputes brought before such bodies in the most expeditious and inexpensive manner possible³⁶. In the interest of substantial justice, even procedural rules of the most mandatory character in terms of compliance are frequently relaxed. Similarly, the procedural rules should definitely be liberally construed if strict adherence to their letter will result in absurdity and in manifest injustice, or where the merits of a party's cause are apparent and outweigh considerations of non-compliance with certain formal requirements. It is more in accord with justice that a party-litigant is given the fullest opportunity to establish the merits of his claim or defense than for him to lose his life, liberty, honor or property on mere technicalities. Truly, the rules of procedure are intended to promote substantial justice, not to defeat it, and should not be applied in a very rigid and technical sense³⁷. The circumstances of this case justify the continuation of the case because full blown proceedings have already been conducted. It would be the height of inequity and a waste of the

³⁵ Rollo, pp. 65-6.

³⁶ Dela Cruz vs. DepEd, G.R. No. 146739, January 16, 2004.

³⁷ Makati Shangri-La Hotel and Resort, Inc. vs. Harper, G.R. No. 189998, August 29, 2012.

time and resources if the case would be dismissed, only to be refiled later³⁸.

Anent the substantive issue of whether the cancellation of the registration of petitioner's mark is proper, we rule in the affirmative.

A trademark is any distinctive word, name, symbol, emblem, sign, or device, or any combination thereof, adopted and used by a manufacturer or merchant on his goods to identify and distinguish them from those manufactured, sold, or dealt by others. Inarguably, it is an intellectual property deserving protection by law³⁹.

Republic Act No. 8293, otherwise known as the "*Intellectual Property Code of the Philippines*" (IP Code), provides that the rights in a mark shall be acquired through registration made validly in accordance with the provisions of the law⁴⁰. However, the very same law categorically states⁴¹ that trade names shall be protected, even prior to or without registration with the IPO, against any unlawful act including any subsequent use of the trade name by a third party, whether as a trade name or a trademark likely to mislead the public⁴².

Thus, while the IP Code espouses the first-to-file⁴³ rule in that the registration of a mark is prevented with the filing of an earlier application for registration, if it nearly resembles such a mark as to be likely to deceive or cause confusion. However, this rule must not be interpreted to mean that ownership should be based solely upon an

³⁸ See *Spouses Chan vs. RTC*, G.R. No. 149253, April 15, 2004.

³⁹ *Dermaline, Inc. vs. Myra Pharmaceuticals, Inc.*, G.R. No. 190065, August 16, 2010.

⁴⁰ Section 122, IP Code.

⁴¹ Section 165.2, IP Code.

⁴² *Coffee Partners, Inc. vs. San Francisco Coffee & Roastery, Inc.*, G.R. No. 169504, March 3, 2010.

⁴³ Section 123.1 (d) of the IP Code reads:

Section 123. Registrability. - 123.1. A mark cannot be registered if it:

(d) Is identical with a registered mark belonging to a different proprietor or a mark with an earlier filing or priority date, in respect of:

(i) The same goods or services, or

(ii) Closely related goods or services, or

(iii) If it nearly resembles such a mark as to be likely to deceive or cause confusion;

earlier filing date. Proof of prior and continuous use is necessary to establish ownership of a mark and such ownership constitutes sufficient evidence to oppose the registration of a mark. Any person who believes that he would be damaged by the registration of a mark may file an opposition⁴⁴ to the application or file a petition to cancel⁴⁵ the registration of such mark before the BLA. The term “any person” encompasses the true owner of the mark; the prior and continuous user. Notably, the Court has ruled that the prior and continuous use of a mark may even overcome the presumptive ownership of the registrant and be held as the owner of the mark⁴⁶.

In the instant case, respondent sought the cancellation of the registration of petitioner's trademark as it will be damaged by such registration considering that petitioner and respondent were engaged in the same line of business, offering practically similar goods and services. Petitioner's registration of the mark “Amber's Best” would have precluded⁴⁷ respondent from using “Amber” in its products. This cannot be countenanced, moreso given the fact that respondent is the true owner and continuous and prior user of the mark “Amber”. Even if petitioner had sought registration of the mark first, it does not detract from the fact that respondent was the first to use “Amber” in its business--a fact undeniably known to petitioner.

That ownership of the mark should be lodged with respondent and not with the petitioner is illustrated in the case of *Birkenstock Orthopaedie GMBH and Co. KG vs. Philippine Shoe Expo Marketing Corp.*⁴⁸, where the Court ruled:

⁴⁴ Section 134, IP Code.

⁴⁵ Section 151, IP Code.

⁴⁶ See *E.Y. Industrial Sales, Inc. vs. Shen Dar Electricity And Machinery Co., Ltd.*, G.R. No. 184850, October 20, 2010.

⁴⁷ Section 147 of the IP Code reads: Sec. 147. *Rights Conferred.* - 147.1. The owner of a registered mark shall have the exclusive right to prevent all third parties not having the owner's consent from using in the course of trade identical or similar signs or containers for goods or services which are identical or similar to those in respect of which the trademark is registered where such use would result in a likelihood of confusion. In case of the use of an identical sign for identical goods or services, a likelihood of confusion shall be presumed.

⁴⁸ GR 194307, November 20, 2013.

It must be emphasized that registration of a trademark, by itself, is not a mode of acquiring ownership. If the applicant is not the owner of the trademark, he has no right to apply for its registration. Registration merely creates a prima facie presumption of the validity of the registration, of the registrant's ownership of the trademark, and of the exclusive right to the use thereof. Such presumption, just like the presumptive regularity in the performance of official functions, is rebuttable and must give way to evidence to the contrary.

Clearly, it is not the application or registration of a trademark that vests ownership thereof, but it is the ownership of a trademark that confers the right to register the same. A trademark is an industrial property over which its owner is entitled to property rights which cannot be appropriated by unscrupulous entities that, in one way or another, happen to register such trademark ahead of its true and lawful owner. The presumption of ownership accorded to a registrant must then necessarily yield to superior evidence of actual and real ownership of a trademark. The Court's pronouncement in *Berris Agricultural Co., Inc. v. Abyadang* is instructive on this point:

The ownership of a trademark is acquired by its registration and its actual use by the manufacturer or distributor of the goods made available to the purchasing public. . . . A certificate of registration of a mark, once issued, constitutes prima facie evidence of the validity of the registration, of 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. . . . In other words, the prima facie presumption brought about by the registration of a mark may be challenged and overcome in an appropriate action, . . . by evidence of prior use by another person, i.e., it will controvert a claim of legal appropriation or of ownership based on registration by a subsequent user. This is because a trademark is a creation of use and belongs to one who first used it in trade or commerce. (citations omitted)

In the instant case, respondent was able to establish that it is the owner of the mark "Amber." Evidence abounded relating to the origin and history of "Amber" and respondent's use of the same in commerce long before petitioner filed an application for registration of the mark. It has been sufficiently proven that "Amber" was first adopted by respondent in 1988 and continuously used since then. Cancellation of the registration of petitioner's mark is clearly called for.

WHEREFORE, premises considered, the Petition for Review is hereby **DENIED**. The Decision dated September 18, 2014 of the Director-General of the Intellectual Property Office, is **AFFIRMED *in toto***.

SO ORDERED.

VICTORIA ISABEL A. PAREDES
Associate Justice

WE CONCUR:

AMY C. LAZARO-JAVIER
Associate Justice

MELCHOR QUIRINO C. SADANG
Associate Justice

CERTIFICATION

Pursuant to Article VIII, Section 13 of the Constitution, it is hereby certified that the conclusions in the above decision were reached in consultation before the case was assigned to the writer of the opinion of the Court.

AMY C. LAZARO-JAVIER
Associate Justice
Acting Chairperson, Special Seventh Division