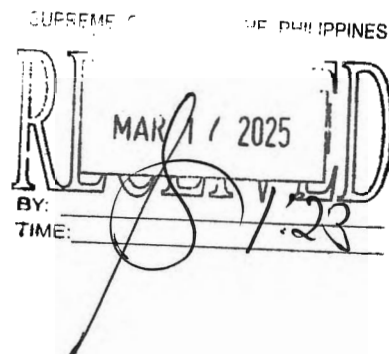




Republic of the Philippines
Supreme Court
Manila



SECOND DIVISION

CAMPBRIDGE WATERPROOFING
SYSTEMS, INC., represented by
CAMPBRIDGE PAINTS, INC.,
Petitioner,

G.R. No. 269302

Present:

LEONEN, SAJ., Chairperson,
LAZARO-JAVIER,
LOPEZ, M.,
LOPEZ, J., and
KHO, JR.,* JJ.

- versus -

GREENSEAL PRODUCTS [M] SDN.
BHD.* and GREENSEAL
PHILIPPINES CORPORATION,
Respondents.

Promulgated:

JAN 22 2025

X-----X

DECISION

LOPEZ, J., J.:

This Court resolves the Petition for Review on *Certiorari*¹ filed by Cambridge Waterproofing Systems, Inc., represented by Cambridge Paints, Inc. (Cambridge) assailing the Decision² and Resolution³ of the Court of Appeals (CA). The CA granted the Petition for Review⁴ filed by Greenseal Products (M) Sdn. Bhd. (Greenseal Malaysia) and Greenseal Philippines Corporation (Greenseal Philippines) (collectively, Greenseal), reversing the Decision⁵ of the Intellectual Property Office of the Philippines – Office of the Director General (IPOP HL-ODG). Ultimately, the CA reinstated the

* Also referred to as “Greenseal Products (M) SND. BHD.” in some parts of the *rollo*.

* On official business.

¹ *Rollo*, pp. 57–95.

² *Id.* at 10–33. The January 30, 2023 Decision in CA-G.R. SP No. 168609 was penned by Associate Justice Roberto P. Quiroz and concurred in by Associate Justices Mariflor P. Punzalan Castillo and Germano Francisco D. Legaspi of the Third Division, Court of Appeals, Manila.

³ *Id.* at 51–52. The September 6, 2023 Resolution in CA-G.R. SP No. 168609 was penned by Associate Justice Roberto P. Quiroz and concurred in by Associate Justices Mariflor P. Punzalan Castillo and Germano Francisco D. Legaspi of the Former Third Division, Court of Appeals, Manila.

⁴ *Id.* at 390–423.

⁵ *Id.* at 383–389. The March 10, 2021 Decision in Appeal No. 14-2019-0044 was penned by Director-General Rowel S. Barba, Intellectual Property Office of the Philippines, Taguig City.

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Decision⁶ of the Director of the Intellectual Property Office of the Philippines – Bureau of Legal Affairs (IPOP HL-BLA) which, in turn, affirmed the Decision⁷ of the Adjudication Officer of the IPOP HL-BLA ordering the cancellation of Trademark Registration No. 4-2009-001721⁸ for the mark “GREENSEAL” registered in the name of Cambridge.

Greenseal filed its Petition to [Cancel] Trademark Greenseal Registration No. 42009001721 dated May 4, 2009 (Petition for Cancellation)⁹ with the IPOP HL-BLA, seeking cancellation of Trademark Registration No. 4-2009-001721 for “GREENSEAL” registered in the name of Cambridge for Class 17 of goods, namely, for elastomeric sealant.¹⁰ Greenseal Malaysia claims to be the prior user of the mark, having adopted the “GREENSEAL” mark on March 27, 1986,¹¹ and has been issued a Certificate of Registration¹² issued by the Intellectual Property Corporation of Malaysia for the mark “GREENSEAL” covering Class 17 goods starting from November 12, 1993.¹³

Greenseal claimed that it used the name Greenseal globally from its adoption of the mark, has distributed its products including waterproofing compound, cement grout, and sealant globally including the Philippines, has a website in the name of www.greenseal.com.my, and has been widely advertised in the Philippines by means of newspapers, magazines, and periodicals.¹⁴ It insisted that it has been using the mark “GREENSEAL” in the Philippines since 2004 as evidenced by purchase orders, invoices, packing lists, bills of lading, booking confirmations, advertising materials, and photographs.¹⁵

Greenseal Philippines is the exclusive distributor of Greenseal’s sealant products in the Philippines since December 2006.¹⁶

Upon filing an application for trademark registration in the Philippines on May 12, 2010, Greenseal Malaysia discovered that the mark “GREENSEAL” had been registered in the Philippines by Cambridge for the same line of goods.¹⁷ Thus, as prior user from 1993 internationally and 2004 in the Philippines, Greenseal claimed that the trademark registration was

⁶ *Id.* at 339–345. The July 17, 2019 Decision No. (DA) 2019-023 in IPC No. 14-2011-00100 was penned by Director Nathaniel S. Arevalo of the Bureau of Legal Affairs, Intellectual Property Office of the Philippines, Taguig City.

⁷ *Id.* at 294–305. The May 21, 2018 Decision No. 2018-89 in IPC No. 14-2011-00100 was penned by Adjudication Officer Leonardo Oliver Limbo of the Bureau of Legal Affairs, Intellectual Property Office of the Philippines, Taguig City.

⁸ *Id.* at 103.

⁹ *Id.* at 133–142.

¹⁰ *Id.* at 61.

¹¹ *Id.* at 134.

¹² *Id.* at 133, 143.

¹³ *Id.* at 133, 143–145.

¹⁴ *Id.* at 135–136.

¹⁵ *Id.* at 136–137, 148–185.

¹⁶ *Id.* at 140, 146.

¹⁷ *Id.* at 138.

obtained by Cambridge through fraud or misrepresentation or contrary to the provisions of law.¹⁸

Thus, Greenseal prayed for the cancellation of the trademark registration for the mark "GREENSEAL" in the name of Cambridge.¹⁹

On the other hand, Cambridge contended that Greenseal did not present competent proof to support their allegation of prior use in the Philippines.²⁰ It argued that Greenseal's mark is not a well-known mark.²¹ Thus, it claimed that Greenseal obtained registration of the mark "GREENSEAL" through fraud.²² It explained that sometime in the mid-2000s, it changed the name of its FlexSeal Elastomeric Sealant to "GREENSEAL."²³ Hence, it maintained that there is no ground for cancellation as it has superior right to the mark.²⁴

In its Decision,²⁵ the Adjudication Officer of the IPOPHL-BLA granted the Petition for Cancellation, thus:

WHEREFORE, premises considered, the instant Petition for Cancellation is hereby GRANTED. Accordingly, the Certificate of Registration No. 42009001721 is CANCELLED. Let the filewrapper be returned together with a copy of this Decision to the Bureau of Trademarks (BOT) for appropriate action.

SO ORDERED.²⁶

In so ruling, the Adjudication Officer initially observed that the competing trademarks of the parties are identical wordmarks and cover similar goods.²⁷ It found that while Cambridge was able to file an application on February 18, 2009 and was granted registration on May 4, 2009, Greenseal has registered the mark "GREENSEAL" in Malaysia since 1993, and has been commercially transacting with Philippine-based companies as early as in 2004.²⁸ It was ruled that Cambridge failed to substantiate its allegation that it has used the mark "GREENSEAL" sometime in the mid-2000s.²⁹ Thus, the Adjudication Officer concluded that Greenseal is the prior adopter and user of the mark "GREENSEAL," both internationally and in the Philippines.³⁰

¹⁸ *Id.* at 138–139.

¹⁹ *Id.* at 140.

²⁰ *Id.* at 200–201.

²¹ *Id.* at 202–206.

²² *Id.* at 206–207.

²³ *Id.* at 207.

²⁴ *Id.* at 208–209.

²⁵ *Id.* at 294–305.

²⁶ *Id.* at 305.

²⁷ *Id.* at 302.

²⁸ *Id.*

²⁹ *Id.* at 302–303.

³⁰ *Id.* at 303.

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More, Greenseal showed that the mark "GREENSEAL" was also their trade name and Greenseal Philippines registered with the Securities and Exchange Commission (SEC) as early as December 19, 2006, before Cambridge applied for trademark registration in 2009.³¹

Cambridge filed its Appeal.³² However, it was denied by the Director of the IPOPHL-BLA, thus:

WHEREFORE, premises considered, the instant Appeal is hereby DISMISSED for lack of merit. Accordingly, Decision No. 2018-89 dated 21 May 2018 is hereby AFFIRMED finding no cogent reason to reverse the same.

SO ORDERED.³³

In dismissing the appeal, the Director of the IPOPHL-BLA ruled that prior registration is not conclusive as to ownership as Greenseal was able to show substantial evidence of its prior use as early as the year 2000, or several years before Cambridge applied for registration of its mark.³⁴ It also found that Greenseal Malaysia entered into a distributorship agreement with Greenseal Philippines in 2006 as the exclusive distributor of Greenseal Products in the Philippines.³⁵

On the other hand, the Director found that Cambridge failed to substantiate its allegation of the adoption of the "GREENSEAL" brand in the mid-2000s.³⁶ More, the proof of use of the mark presented by Cambridge, which included documents such as certificate of registration, deed of assignment, promotional materials, sales invoices, and advertising materials and expenses, dates back to 2009 only, which is predated by Greenseal's use of the mark in the Philippines.³⁷

Also, Greenseal Philippines registered the name Greenseal Philippines Corporation with the SEC as early as 2006. Thus, they are entitled to protection.³⁸

Additionally, the Director of the IPOPHL-BLA observed that "GREENSEAL" is an invented word, and thus, its coincidental adoption on the same classification of goods is improbable.³⁹ It also noted that it is hard to believe that Cambridge had no knowledge of the existence of Greenseal's

³¹ *Id.* at 304.

³² *Id.* at 306-321.

³³ *Id.* at 345.

³⁴ *Id.* at 343.

³⁵ *Id.*

³⁶ *Id.*

³⁷ *Id.* at 343-344.

³⁸ *Id.* at 344.

³⁹ *Id.* at 345.

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mark before its filing for trademark application in 2009, since both were in the same line of business.⁴⁰

Thus, the Director of the IPOPHL-BLA ruled that the cancellation of the trademark registration in the name of Cambridge is proper.⁴¹

Aggrieved, Cambridge appealed to the IPOPHL-ODG,⁴² which, in its Decision,⁴³ granted the appeal and dismissed the Petition for Cancellation, thus:

WHEREFORE, premises considered, the appeal is hereby GRANTED and the decision of the Director is hereby reversed. Let a copy of this Decision as well as the records be furnished and returned to the Director of Bureau of Legal Affairs for appropriate action. Further, let also the Director of Bureau of Trademarks and the library be furnished a copy of this decision for information and records purposes.

SO ORDERED.⁴⁴

The IPOPHL-ODG confirmed that the two marks are identical, and the issue to be resolved is whether Greenseal or Cambridge has the better right over the mark "GREENSEAL."⁴⁵

It ruled that a certificate of registration is *prima facie* evidence of the registrant's ownership of the mark, and that Greenseal has the burden to prove the invalidity of the said registration.⁴⁶ It found that when Cambridge filed its application for registration of the mark, Greenseal had no registration or pending application.⁴⁷ Therefore, there was no impediment to Cambridge's registration and it is valid and consistent with the provisions of the Intellectual Property Code.⁴⁸

It ruled that Greenseal's registration in Malaysia did not bar Cambridge's registration in the Philippines.⁴⁹ It insisted that "the law on Trademarks adheres to the principle of nationality and territoriality" and thus, Greenseal's registration in 1993, even if earlier than the registration of Cambridge, is not relevant.⁵⁰

⁴⁰ *Id.*

⁴¹ *Id.*

⁴² *Id.* at 346-367.

⁴³ *Id.* at 383-389.

⁴⁴ *Id.* at 389.

⁴⁵ *Id.* at 388.

⁴⁶ *Id.*

⁴⁷ *Id.*

⁴⁸ *Id.*

⁴⁹ *Id.* at 389.

⁵⁰ *Id.*

Aggrieved, Greenseal filed a Petition for Review with the CA.

In its Decision,⁵¹ the CA granted the Petition for Review, and reinstated the Decision of the Director of IPOPHL-BLA that ordered the cancellation of Cambridge's trademark registration, thus:

WHEREFORE, the Petition is GRANTED. The Decision dated March 10, 2021 of Director General Rowel S. Barba of the Intellectual Property Office of the Philippines in Appeal No. 14-2019-0044 is hereby REVERSED and SET ASIDE. In its stead, the July 17, 2019 Decision of Atty. Nathaniel S. Arevalo, affirming the May 21, 2018 Decision of Atty. Leonardo Oliver Limbo in IPC No. 14-2011-00100 for Cancellation of Trademark Registration No. 4-2009-001721, is REINSTATED.

SO ORDERED.⁵²

The CA held that the rule conferring ownership of the marks through registration did not apply in cases where both conflicting marks have been used and/or registered prior to the effectivity of the Intellectual Property Code on January 1, 1998.⁵³ As the CA found Greenseal Malaysia's prior use of the mark since 1993,⁵⁴ it ruled that prior use is still the prevailing rule in determining ownership over a mark.⁵⁵

Further, the CA pointed out that Greenseal obtained trademark registration of the mark "GREENSEAL" in 1993 in Malaysia, a member-state of the Paris Convention for the Protection of Industrial Property (Paris Convention), and as such, it enjoys protection under Section 3 of the Intellectual Property Code.⁵⁶ It found that Greenseal had an earlier filing date which prevents Cambridge from registering the mark to begin with.⁵⁷

More, the CA found that Cambridge is prohibited from appropriating Greenseal's trade name as its mark.⁵⁸ Thus, it found that all the elements of trade name infringement were present.⁵⁹ Additionally, the CA found unmeritorious the argument of Cambridge that the name "GREENSEAL" is not Greenseal's trade name as it is not distinctive.⁶⁰

⁵¹ *Id.* at 105-128.

⁵² *Id.* at 32-33.

⁵³ *Id.* at 24-25.

⁵⁴ *Id.* at 25-27.

⁵⁵ *Id.* at 27-28.

⁵⁶ *Id.* at 28-29.

⁵⁷ *Id.* at 29.

⁵⁸ *Id.* at 30.

⁵⁹ *Id.* at 30-31.

⁶⁰ *Id.* at 31-32.

Campbridge filed a Motion for Reconsideration,⁶¹ which was denied by the CA in a Resolution.⁶²

Hence, Campbridge filed the instant Petition.⁶³

Campbridge points out that the CA erred in holding that Greenseal began using the subject mark starting 1993, as Greenseal only claims to have used the mark in the Philippines in 2004, while the Adjudication Officer and Director of the IPOPHL-BLA found use of the mark in the Philippines only in 2000 and 2004.⁶⁴

Thus, Campbridge asserts that Greenseal's use of the mark "GREENSEAL" can only be traced as far back as 2004, where the first-to-register rule is already in effect, and as such, Greenseal has not acquired any vested right from such use.⁶⁵

Campbridge maintains that as the first to file the registration in good faith with IPOPHL, it conclusively owns the mark "GREENSEAL."⁶⁶

Additionally, Campbridge invokes the principle of territoriality of trademark protection, arguing that Greenseal's prior use and registration in Malaysia in 1993 does not afford it rights over and protection to such mark that is unregistered in the Philippines.⁶⁷

Next, Campbridge cites that *Zuneca Pharmaceutical v. Natrapharm, Inc.*⁶⁸ abandoned the prior use rule and that the ownership of a mark is acquired by registration.⁶⁹ As such, it points out that Greenseal's use of the mark was confirmed by the Adjudication Officer and Director of the IPOPHL-BLA and even the IPOPHL-ODG to have started only in 2004.⁷⁰ Thus, the statement in *Zuneca* that the first to file rule does not apply when the claimant has prior use before the effectivity of the Intellectual Property Code is inapplicable.⁷¹

⁶¹ *Id.* at 34–49.

⁶² *Id.* at 51–52.

⁶³ *Id.* at 57–95.

⁶⁴ *Id.* at 68–70.

⁶⁵ *Id.* at 70.

⁶⁶ *Id.* at 70–71.

⁶⁷ *Id.* at 71–73.

⁶⁸ 882 Phil. 278 (2020) [Per J. Caguioa, *En Banc*].

⁶⁹ *Rollo*, pp. 74–77.

⁷⁰ *Id.* at 77.

⁷¹ *Id.* at 74–75.

As to the CA's application of Sections 3 and 131 of the Intellectual Property Code on reciprocity, Cambridge asserts that it is incorrect for the CA to rule that Greenseal's registration in Malaysia in 1993 is considered the date of filing in the Philippines for the purpose of determining priority. They argue that such provision is not applicable as Greenseal did not file any application to register the mark "GREENSEAL" in the Philippines.⁷²

In their Comment/Opposition,⁷³ Greenseal counters that they were the first to introduce the mark "GREENSEAL" in the Philippines since 2000, and were the first to register the trade name "GREENSEAL" in 2006. They argue that they have been in commercial operation in the Philippines for at least a decade prior to Cambridge's trademark application. Also, the timing of Cambridge's change of its FlexSeal Elastomeric Sealant name to "GREENSEAL" after two decades of usage is suspicious. Further, the goods belong to the same industry and are used in the same product line. It contends that "GREENSEAL" is entitled to protection as a trade name, whether or not it is registered.⁷⁴

Greenseal insists that "GREENSEAL" is a well-known mark that is entitled to protection whether or not it is registered. It further argues that *Zuneca* is inapplicable because they have a valid trademark registration in Malaysia since 1993.⁷⁵

More, Greenseal reiterates that Cambridge is a registrant in bad faith. They point out that since 1987, Cambridge's FlexSeal Elastomeric Sealant product was named as such, and was only changed sometime in the mid-2000s to "GREENSEAL." With this change, Cambridge failed to explain how it came up with the word "GREENSEAL," an invented mark that has no meaning in the dictionary, and dropped the words "elastomeric sealant." Additionally, both Cambridge and Greenseal belong to the same industry.⁷⁶

Likewise, Greenseal claims that their use of the trade name "GREENSEAL" is protected without need of registration. Also, their use of the trade name predates Cambridge's trademark registration.⁷⁷

The sole issue for this Court's resolution is whether the CA erred in reinstating the Decisions of the Director and Adjudication Officer of the IPOPHL-BLA, ordering the cancellation of Trademark Registration No. 4-2009-001721 for "GREENSEAL" in the name of Cambridge.

⁷² *Id.* at 80-81.

⁷³ *Id.* at 460-479.

⁷⁴ *Id.* at 468-469.

⁷⁵ *Id.* at 470-472.

⁷⁶ *Id.* at 473-475.

⁷⁷ *Id.* at 475-477.

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This Court's Ruling

The Petition is bereft of merit.

This dispute involves a petition for cancellation of the trademark "GREENSEAL" in the name of petitioner.

In *Zulueta v. Cyma Greek Taverna Co.*,⁷⁸ this Court summarized the definition, purpose, and functions of a trademark:

The IPC defines a "mark" as "any visible sign capable of distinguishing the goods (trademark) or services (service mark) of an enterprise." Verily, trademarks deal with the psychological function of symbols and the effect of these symbols on the public at large. It is a merchandising shortcut, and, whatever the means employed, the aim is the same—to convey through the mark, in the minds of potential customers, the desirability of the commodity upon which it appears. Thus, the protection of trademarks as intellectual property is intended not only to preserve the goodwill and reputation of the business established on the goods or services bearing the mark through actual use over a period of time, but also to safeguard the public as consumers against confusion on these goods or services. As viewed by modern authorities on trademark law, trademarks perform three (3) distinct functions: (1) they indicate origin or ownership of the articles to which they are attached; (2) they guarantee that those articles come up to a certain standard of quality; and (3) they advertise the articles they symbolize.⁷⁹ (Citation omitted)

The prevailing statement of how ownership of a trademark is acquired was formed in the case of *Zuneca* where this Court ruled that upon the enactment of the Intellectual Property Code, ownership over a trademark is acquired through registration, thus:

The current rule under the IP Code is thus in stark contrast to the rule on acquisition of ownership under the Trademark Law, as amended. To recall, the Trademark Law, as amended, provided that prior use and non-abandonment of a mark by one person barred the future registration of an identical or a confusingly similar mark by a different proprietor when confusion or deception was likely. It also stated that one acquired ownership over a mark by actual use.

Once the IP Code took effect, however, the general rule on ownership was changed and repealed. At present, as expressed in the language of the provisions of the IP Code, prior use no longer determines the acquisition of ownership of a mark in light of the adoption of the rule that ownership of a mark is acquired through registration made validly in accordance with the provisions of the IP Code.⁸⁰ (Citations omitted)

⁷⁸ G.R. No. 205699, January 23, 2023 [Per J. Kho, Jr., Second Division].

⁷⁹ *Id.* at 6–7. This pinpoint citation refers to the copy of the Decision uploaded to the Supreme Court website.

⁸⁰ *Zuneca Pharmaceutical v. Natrapharm, Inc.*, 882 Phil. 278, 320–321 (2020) [Per J. Caguioa, *En Banc*].

Notwithstanding this declaration, this Court clarified that the certificate of registration remains only *prima facie* evidence of the validity of registration and the registrant's ownership of the mark, in recognition of instances when the certificate of registration does not reflect the true owner of the mark, such as, among others, when the registration was done in bad faith or contrary to law.⁸¹

Thus, in *Medina v. Global Quest Ventures, Inc.*,⁸² this Court stated that while it is registration that vests ownership on a mark, pursuant to Section 151(b) of the Intellectual Property Code, registrations done in bad faith or contrary to the provisions of the Intellectual Property Code may still be a basis for the cancellation of a mark.⁸³

More, in *Zuneca*, this Court confirmed that marks registered in bad faith or contrary to law should never have been registered in the first place, and as such, the registration is rendered void and shall be cancelled after proper proceedings.⁸⁴

This Court finds that petitioner's registration was contrary to law. As correctly pointed out by the CA, petitioner is prohibited from appropriating respondent's trade name as its trademark. This finds support in Article 165 of the Intellectual Property Code, which provides:

SECTION 165. Trade Names or Business Names. - 165.1. A name or designation may not be used as a trade name if by its nature or the use to which such name or designation may be put, it is contrary to public order or morals and if, in particular, it is liable to deceive trade circles or the public as to the nature of the enterprise identified by that name.

165.2. (a) Notwithstanding any laws or regulations providing for any obligation to register trade names, such names shall be protected, even prior to or without registration, against any unlawful act committed by third parties.

(b) In particular, any subsequent use of the trade name by a third party, whether as a trade name or a mark or collective mark, or any such use of a similar trade name or mark, likely to mislead the public, shall be deemed unlawful.

165.3. The remedies provided for in Sections 153 to 156 and Sections 166 and 167 shall apply *mutatis mutandis*[.]

⁸¹ *Id.* at 324-326.

⁸² 896 Phil. 47 (2021) [Per J. Leonen, Third Division].

⁸³ *Id.* at 62.

⁸⁴ *Zuneca Pharmaceutical v. Natrapharm, Inc.*, 882 Phil. 278, 343 (2020) [Per J. Caguioa, *En Banc*].

Analyzing the above provision, the remedies in Sections 153 to 156, which include cancellation of registration, should apply to the unlawful use of trade names as a mark.

Petitioner's use of the mark "GREENSEAL" on its products is unlawful as it is likely to mislead the public, giving the incorrect impression that its products are actually from respondent, when in fact they are not.

To add, in *Ecole De Cuisine Manille, Inc. v. Renaud Cointreau & Cie*⁸⁵ and *Fredco Manufacturing Corp. v. President and Fellows of Harvard College*,⁸⁶ this Court reiterated that "under Philippine law, a trade name of a national of a State that is a party to the Paris Convention, whether or not the trade name forms part of a trademark, is protected 'without the obligation of filing or registration.'"⁸⁷

Here, respondent's trade name was used in the Philippines since 2004 and registered in the Philippines with the SEC since 2006, before petitioner applied for trademark registration in 2009. As such, petitioner's registration of respondent's trade name as a trademark is contrary to law and is a ground for cancellation of its registration.

This Court addresses the argument raised by respondents in their Comment/Opposition with this Court that petitioner's registration was attended by bad faith. To begin, this was not squarely addressed by the CA in its Decision, despite being alleged as a ground by the respondents in their Petition for Review that the CA granted. Also, even if We consider the argument in view of the circumstances present, this Court cannot conclude that there was bad faith in petitioner's registration.

In *Zuneca*, this Court explained what bad faith and fraud means in the context of trademark registration and cancellation, thus:

Bad faith and fraud, in relation to trademark registration, were discussed as follows:

The concepts of bad faith and fraud were defined in *Mustang-Bekleidungswerke GmbH + Co. KG v. Hung Chiu Ming*, a case decided by the Office of the Director General of the IPO under the Trademark Law, as amended, viz.:

⁸⁵ 710 Phil. 305 (2013) [Per J. Perlas-Bernabe, Second Division].

⁸⁶ 665 Phil. 374 (2011) [Per J. Carpio, Second Division].

⁸⁷ *Ecole De Cuisine Manille, Inc. v. Renaud Cointreau & Cie*, 710 Phil. 305, 314 (2013) [Per J. Perlas-Bernabe, Second Division] (Citation omitted); *Fredco Manufacturing Corp. v. President and Fellows of Harvard College*, 665 Phil. 374, 391 (2011) [Per J. Carpio, Second Division].

What constitutes fraud or bad faith in trademark registration? Bad faith means that the applicant or registrant has knowledge of prior creation, use and/or registration by another of an identical or similar trademark. In other words, it is copying and using somebody else's trademark. Fraud, on the other hand, may be committed by making false claims in connection with the trademark application and registration, particularly, on the issues of origin, ownership, and use of the trademark in question, among other things.

The concept of fraud contemplated above is not a mere inaccurate claim as to the origin, ownership, and use of the trademark. In civil law, the concept of fraud has been defined as the deliberate intention to cause damage or prejudice. The same principle applies in the context of trademark registrations: fraud is intentionally making false claims to take advantage of another's goodwill thereby causing damage or prejudice to another. Indeed, the concepts of bad faith and fraud go hand-in-hand in this context. There is no distinction between the concepts of bad faith and fraud in trademark registrations because the existence of one necessarily presupposes the existence of the other.⁸⁸ (Citations omitted)

This Court has ruled that in this context, bad faith is "knowledge of prior creation, use and/or registration by another of an identical or similar trademark. In other words, it is copying and using somebody else's trademark," while fraud is "making false claims in connection with the trademark application and registration, particularly, on the issues of origin, ownership, and use of the trademark."⁸⁹

Next, it is settled that the determination of bad faith or fraud is factual in nature, which is generally not permitted in a Petition for Review on *Certiorari* under Rule 45 of the Rules of Court.⁹⁰ Also, the law presumes good faith and as such, bad faith is never presumed and must be established by clear and convincing evidence.⁹¹

Examining the circumstances of the case under these jurisprudential guidelines, this Court finds insufficient proof of bad faith. Here, as supposed proof of bad faith, respondent points out that since 1987, petitioner's product was named FlexSeal Elastomeric Sealant and was only changed sometime in

⁸⁸ *Zuneca Pharmaceutical v. Natrapharm, Inc.*, 882 Phil. 278, 338–339 (2020) [Per J. Caguioa, *En Banc*]. (Citations omitted)

⁸⁹ *Zulueta v. Cyma Greek Taverna Co.*, G.R. No. 205699, January 23, 2023 [Per J. Kho, Jr., Second Division] at 7. This pinpoint citation refers to the copy of the Decision uploaded to the Supreme Court website.

⁹⁰ *Medina v. Global Quest Ventures, Inc.*, 896 Phil. 47, 64 (2021) [Per J. Leonen, Third Division].

⁹¹ *Philharbor Ferries and Port Services, Inc. v. Carlos*, G.R. No. 266636, July 29, 2024 [Per J. J. Lopez, Second Division].

the mid-2000s to “GREENSEAL.” More, they add that petitioner failed to explain how it came up with the word “GREENSEAL,” an invented mark that has no meaning in the dictionary, and why it dropped the words “elastomeric sealant.” Additionally, they cite that both petitioner and respondent belong to the same industry. These circumstances do not amount to a showing of knowledge on the part of petitioner of prior creation, use, or registration of respondent’s trade name or mark, or show any false claims in connection with the trademark application and registration. Hence, this Court cannot conclude that there was bad faith on the part of petitioner in registering the mark “GREENSEAL.”

Nevertheless, the cancellation of petitioner’s registration is still warranted in view of the protection granted to respondent’s trade name.

Further, this Court would like to correct the pronouncement of the CA that *Zuneca* is inapplicable to the instant case. Respondent contends that *Zuneca* is inapplicable, particularly on its pronouncement that ownership of a mark is acquired through registration made validly in accordance with the provisions of the IP Code, because they have a valid trademark registration in Malaysia as early as 1993. However, respondent’s use of the mark “GREENSEAL” in the Philippines has been established only in the 2000s, subsequent to the effectivity of the Intellectual Property Code on January 1, 1998.⁹² To clarify, the cancellation of petitioner’s trademark registration was not due to this rule not being applied, but the finding that its registration was contrary to law.

More, this Court wishes to clarify that the CA misapplied Sections 3 and 131 of the Intellectual Property Code in ruling that respondent obtained priority right by virtue of its registration in Malaysia in 1993.

It is correct that Section 3 of the Intellectual Property Code provides for reciprocal rights for persons from countries extending similar rights to Philippine entities,⁹³ and Section 131 provides priority rights for applications for registration made in the Philippines by virtue of their application for registration in other countries.⁹⁴ However, under Article 4(C)(1) of the Paris

⁹² *Zuneca Pharmaceutical v. Natrapharm, Inc.*, 882 Phil. 278, 319 (2020) [Per J. Caguioa, *En Banc*].

⁹³ SECTION 3. International Conventions and Reciprocity. – Any person who is a national or who is domiciled or has a real and effective industrial establishment in a country which is a party to any convention, treaty or agreement relating to intellectual property rights or the repression of unfair competition, to which the Philippines is also a party, or extends reciprocal rights to nationals of the Philippines by law, shall be entitled to benefits to the extent necessary to give effect to any provision of such convention, treaty or reciprocal law, in addition to the rights to which any owner of an intellectual property right is otherwise entitled by this Act.

⁹⁴ SECTION 131. Priority Right. – 131.1. An application for registration of a mark filed in the Philippines by a person referred to in Section 3, and who previously duly filed an application for registration of the same mark in one of those countries, shall be considered as filed as of the day the application was first filed in the foreign country.

131.2. No registration of a mark in the Philippines by a person described in this section shall be granted until such mark has been registered in the country of origin of the applicant.


Convention, this priority period for trademarks shall only be for six months from the date of filing of the first application. Likewise, Rule 203 of the Rules and Regulations on Trademarks, Service Marks, Tradenames, and Marked or Stamped Containers, as amended by Intellectual Property Office Order No. 061-13 issued by the IPOPHL, provides that “[a]n application with a claim of priority right must be filed within six months from the date the earliest foreign application was filed.”⁹⁵

Hence, when respondent filed an application for registration of the mark “GREENSEAL” on May 12, 2010, it cannot claim priority by virtue of its application in Malaysia in 1993 as it was beyond the six-month period.

In view of the protection to respondent’s trade name as earlier discussed, as qualified by the subsequent declarations, this Court finds no reversible error in the Decision and Resolution of the CA that reinstated the Decision of the Director of IPOPHL-BLA ordering the cancellation of Trademark Registration No. 4-2009-001721 for “GREENSEAL” registered in the name of petitioner.

ACCORDINGLY, the Petition is **DENIED**. The January 30, 2023 Decision and the September 6, 2023 Resolution of the Court of Appeals in CA-G.R. SP No. 168609 are **AFFIRMED**. Trademark Registration No. 4-2009-001721 is **CANCELLED**. Let a copy of this Decision be furnished to the Directors of the Bureau of Legal Affairs, Bureau of Trademarks, and the Library of the Documentation, Information and Technology Transfer Bureau of the Intellectual Property Office of the Philippines.

SO ORDERED.



JHOSEP Y. LOPEZ
Associate Justice

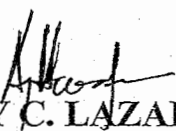
131.3. Nothing in this section shall entitle the owner of a registration granted under this section to sue for acts committed prior to the date on which his mark was registered in this country: Provided, That, notwithstanding the foregoing, the owner of a well-known mark as defined in Section 123.1(e) of this Act, that is not registered in the Philippines, may, against an identical or confusingly similar mark, oppose its registration, or petition the cancellation of its registration or sue for unfair competition, without prejudice to availing himself of other remedies provided for under the law.

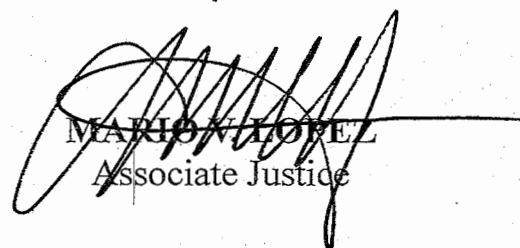
131.4. In like manner and subject to the same conditions and requirements, the right provided in this section may be based upon a subsequent regularly filed application in the same foreign country: Provided, That any foreign application filed prior to such subsequent application has been withdrawn, abandoned, or otherwise disposed of, without having been laid open to public inspection and without leaving any rights outstanding, and has not served, nor thereafter shall serve, as a basis for claiming a right of priority.

⁹⁵ Dated April 5, 2013.

WE CONCUR:


MARVIC M.V.F. LEONEN
Senior Associate Justice
Chairperson, Second Division



AMY C. LAZARO-JAVIER
Associate Justice


MARLON LOREL
Associate Justice

On official business
ANTONIO T. KHO, JR.
Associate Justice

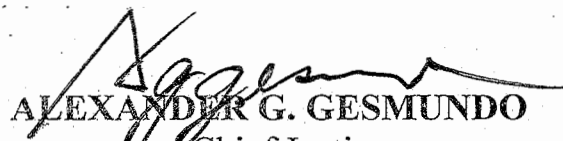
ATTESTATION

I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.


MARVIC M.V.F. LEONEN
Senior Associate Justice
Chairperson, Second Division

CERTIFICATION

Pursuant to Article VIII, Section 13 of the Constitution and the Division Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.


ALEXANDER G. GESMUNDO
Chief Justice

