

THIRD DIVISION

G.R. Nos. 264919–21 — GLORIA MARIS SHARK’S FIN RESTAURANT, Petitioners v. PACIFICO Q. LIM, Respondent.

Promulgated:
May 20, 2024

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SEPARATE CONCURRING OPINION

INTING, J.:

The case stemmed from the certificates of registration issued to respondent Pacifico Q. Lim (respondent), i.e., Trademark Registration Nos. 4-2004-009149, 4-2004-009150, and 4-2004-009151, were cancelled. The trademarks were “GLORIA MARIS WOK SHOP & DESIGN” registered on August 28, 2005, “GLORIA MARIS DIMSUM KITCHEN WITH LOGO AND DESIGN” registered on August 28, 2005, and “GLORIA MARIS SHARK’S FIN RESTAURANT AND LOGO” registered on October 31, 2005 (subject trademarks).

The factual antecedents of the present case are as follows:

Records reveal that as early as 1992, Copper Kettle Cafeteria Specialist, a single proprietorship owned by Dominador B. Menguito (Dominador), was operating a restaurant named Gloriamaris Seafood Restaurant in CCP Complex, Roxas Boulevard, Manila.¹ Thereafter, in September 1993, Dominador switched the concept of his restaurant from continental dining to Chinese cuisine.²

Pursuant to a Joint Venture Agreement³ executed by Dominador and Pedro O. Manalo (Manalo), on behalf of Bennie B. Cuason and two others and for himself, Dominador agreed to form a corporation with them and undertook to transfer title and possession of the assets of his restaurant, valued at PHP 2.5 million, to the said corporation as his capital contribution.

On January 26, 1994, Gloriamaris Shark’s Fin Restaurant, Inc. (petitioner) was registered with the Securities and Exchange Commission by the following incorporators: Menguito, Manalo, Lorenzo Q. Dy, Edmundo L. Tan, and respondent.⁴

¹ *Rollo*, p. 21.

² *Id.* at 24.

³ *Id.* at 229–240.

⁴ *Id.* at 118, 124.

Petitioner alleged that it hired a graphic artist to submit a sample drawing of the Gloria Maris trademark. The trademark, consisting of the words “Gloria Maris” with a shark’s fin enclosed in an eared circle (Gloria Maris trademark) was approved by the incorporators. Thereafter, petitioner’s Board of Directors entrusted the registration of the trademark with Lim. From then on, petitioner used this trademark in its operations. To bolster its contention, petitioner submitted photographs of this trademark as used by it. Petitioner’s stockholders assumed that the trademark had been registered in its name but instead discovered that Lim registered the trademark in his own name.⁵

In his Answer, respondent denied having been entrusted by petitioner with the registration of the trademark. According to respondent, he never committed fraud because the trademark is his creation and thus, his intellectual property.⁶ He declared that the name “Gloria Maris Shark’s Fin Restaurant,” the idea of a fine-dining Chinese restaurant, the theme/ambience and logo (a fin of shark enclosed in a plate of irregular shape) were concocted and planned by him.⁷ He submitted an Affidavit⁸ executed by Joey Rodriguez, the interior designer he commissioned to draw the logo in 1993.

In the assailed Decision dated March 18, 2022, the Court of Appeals (CA) ruled, among others, that the evidence submitted by petitioner, i.e., image of the Gloria Maris trademark, its Articles of Incorporation, photographs, and Affidavit executed by Dominador, failed to overcome respondent’s prima facie ownership of the subject trademarks.⁹ Lastly, the CA ruled that petitioner was barred by laches from enforcing its right over the name “Gloria Maris.”¹⁰

I agree with the CA’s ruling that the evidence submitted by petitioner does not constitute substantial evidence of prior use of the trademark. Prior use of a trademark means use in commerce. As aptly held by the CA, “[o]ne may make advertisements, issue circulars, distribute price list on certain goods, but these alone will not inure to the claim of ownership of the mark until the goods bearing the mark are sold to the public. Accordingly, receipts, sales invoices, and testimonies of witnesses as customers, or orders of buyers, best prove the actual use of a mark in trade and commerce during a certain period of time.”

⁵ *Id.* at 108-109.

⁶ *Id.* at 727-728.

⁷ *Id.* at 730.

⁸ *Id.* at 739-740.

⁹ *Id.* at 26-27.

¹⁰ *Id.* at 28-29.

Nonetheless, these documents constitute sufficient evidence that the trade name “Gloriamaris,” or its variation “Gloria Maris” belongs to petitioner and was not coined by respondent.

Section 165 of Republic Act No. 8293 is pertinent to the case at bar, viz.:

SECTION 165. Trade Names or Business Names. - . . .

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. (Emphasis supplied)

Evidently, respondent’s use of petitioner’s trade name in the subject trademarks is unlawful. Moreover, respondent, being one of petitioner’s incorporators, cannot claim good faith in using petitioner’s trade name in the subject trademarks. Hence, I concur with the *ponencia*’s ruling that respondent’s registration of the subject marks was attended by bad faith.

Consequently, laches finds no application in the present case.

The principle of laches is “based on the grounds of public policy in order to maintain peace in the society and equity in order to avoid recognizing a right when to do so would result in a clearly unfair situation”¹¹ Being an equitable doctrine, laches cannot be used to protect actions attended by bad faith as doing so would result to manifest wrong or injustice.

What is more, it is settled that the elements of laches¹² must be

¹¹ *Department of Education, Culture and Sports v. Heirs of Banguilan*, G.R. No. 230399, June 20, 2018.

¹² The elements of laches are: (1) conduct on the part of the defendant, or of one under whom he claims, giving rise to the situation of which the complaint seeks a remedy; (2) delay in asserting the complainant's rights, the complainant having had knowledge or notice of the defendant's conduct as having been afforded an opportunity to institute a suit; (3) lack of knowledge or notice

proved positively.¹³ Here, respondent did not raise the defense of laches in his Verified Answer, much less prove the elements thereof.

Lastly, I share the same reservations made by Associate Justice Japar B. Dimaampao on the *ponencia*'s declaration that "a trademark registered in bad faith is considered as unfair competition."

Respondent, and other defendants those similarly situated, would be denied of their right to due process if they'll be found guilty of unfair competition *ipso facto*, which carries with it the imposition the criminal penalty of imprisonment, in a case that stemmed from a petition for cancellation if they're found to have registered an intellectual property in bad faith. Even though this might not have been the Court's intention, this declaration can be easily taken out of context.



HENRI JEAN PAUL B. INTING
Associate Justice

on the part of the defendant that the complainant would assert the right in which he bases his suit; and (4) injury or prejudice to the defendant in the event relief is accorded to the complainant, or the suit is not held barred. *Santos v. Santos*, 418 Phil. 681, 692 (2001).

¹³ *Pineda v. Heirs of Guevara*, 544 Phil. 554 (2007).