



Republic of the Philippines
Supreme Court
Manila

SECOND DIVISION

**SHANG PROPERTIES
REALTY CORPORATION**
(formerly **THE SHANG GRAND
TOWER CORPORATION**) and
SHANG PROPERTIES, INC.
(formerly **EDSA PROPERTIES
HOLDINGS, INC.**),

Petitioners,

- versus -

G.R. No. 190706

Present:

CARPIO, J., Chairperson,
BRION,
PERALTA,*
PEREZ, and
PERLAS-BERNABE, JJ.

**ST. FRANCIS DEVELOPMENT
CORPORATION,**

Respondent.

Promulgated:

JUL 21 2014 *Handwritten signature*

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DECISION

PERLAS-BERNABE, J.:

Assailed in this petition for review on *certiorari*¹ is the Decision² dated December 18, 2009 of the Court of Appeals (CA) in CA-G.R. SP No. 105425 which affirmed with modification the Decision³ dated September 3, 2008 of the Intellectual Property Office (IPO) Director-General. The CA: (a) affirmed the denial of the application for registration of the mark “ST. FRANCIS TOWERS” filed by petitioners Shang Properties Realty Corporation and Shang Properties, Inc. (petitioners); (b) found petitioners to have committed unfair competition for using the marks “THE ST. FRANCIS TOWERS” and “THE ST. FRANCIS SHANGRI-LA PLACE”; (c) ordered petitioners to cease and desist from using “ST. FRANCIS” singly or as part

* Designated Additional Member per Raffle dated July 16, 2014.

¹ *Rollo*, pp. 3-33.

² Id. at 68-95. Penned by Associate Justice Jane Aurora C. Lantion, with Associate Justices Mario L. Guariña III and Mariflor P. Punzalan Castillo, concurring.

³ Id. at 98-114. Penned by IPO Director-General Adrian S. Cristobal, Jr.

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of a composite mark; and (d) ordered petitioners to jointly and severally pay respondent St. Francis Square Development Corporation (respondent) a fine in the amount of ₱200,000.00.

The Facts

Respondent – a domestic corporation engaged in the real estate business and the developer of the St. Francis Square Commercial Center, built sometime in 1992, located at Ortigas Center, Mandaluyong City, Metro Manila (Ortigas Center)⁴ – filed separate complaints against petitioners before the IPO - Bureau of Legal Affairs (BLA), namely: (a) an intellectual property violation case for unfair competition, false or fraudulent declaration, and damages arising from petitioners' use and filing of applications for the registration of the marks "THE ST. FRANCIS TOWERS" and "THE ST. FRANCIS SHANGRI-LA PLACE," docketed as IPV Case No. 10-2005-00030 (**IPV Case**); and (b) an *inter partes* case opposing the petitioners' application for registration of the mark "THE ST. FRANCIS TOWERS" for use relative to the latter's business, particularly the construction of permanent buildings or structures for residential and office purposes, docketed as *Inter Partes* Case No. 14-2006-00098 (**St. Francis Towers IP Case**); and (c) an *inter partes* case opposing the petitioners' application for registration of the mark "THE ST. FRANCIS SHANGRI-LA PLACE," docketed as IPC No. 14-2007-00218 (**St. Francis Shangri-La IP Case**).⁵

In its complaints, respondent alleged that it has used the mark "ST. FRANCIS" to identify its numerous property development projects located at Ortigas Center, such as the aforementioned St. Francis Square Commercial Center, a shopping mall called the "St. Francis Square," and a mixed-use realty project plan that includes the St. Francis Towers. Respondent added that as a result of its continuous use of the mark "ST. FRANCIS" in its real estate business, it has gained substantial goodwill with the public that consumers and traders closely identify the said mark with its property development projects. Accordingly, respondent claimed that petitioners could not have the mark "THE ST. FRANCIS TOWERS" registered in their names, and that petitioners' use of the marks "THE ST. FRANCIS TOWERS" and "THE ST. FRANCIS SHANGRI-LA PLACE" in their own real estate development projects constitutes unfair competition as well as false or fraudulent declaration.⁶

Petitioners denied committing unfair competition and false or fraudulent declaration, maintaining that they could register the mark "THE ST. FRANCIS TOWERS" and "THE ST. FRANCIS SHANGRI-LA PLACE" under their names. They contended that respondent is barred from

⁴ *Rollo*, pp. 69-70.

⁵ *Id.* at 99; See also *CA rollo*, pp. 341-349.

⁶ See *id.* at 69-72 and 99-101.

claiming ownership and exclusive use of the mark “ST. FRANCIS” because the same is geographically descriptive of the goods or services for which it is intended to be used.⁷ This is because respondent’s as well as petitioners’ real estate development projects are located along the streets bearing the name “St. Francis,” particularly, St. Francis Avenue and St. Francis Street (now known as Bank Drive),⁸ both within the vicinity of the Ortigas Center.

The BLA Rulings

On December 19, 2006, the BLA rendered a Decision⁹ in the **IPV Case**, and found that petitioners committed acts of unfair competition against respondent by its use of the mark “THE ST. FRANCIS TOWERS” but not with its use of the mark “THE ST. FRANCIS SHANGRI-LA PLACE.” It, however, refused to award damages in the latter’s favor, considering that there was no evidence presented to substantiate the amount of damages it suffered due to the former’s acts. The BLA found that “ST. FRANCIS,” being a name of a Catholic saint, may be considered as an arbitrary mark capable of registration when used in real estate development projects as the name has no direct connection or significance when used in association with real estate. The BLA neither deemed “ST. FRANCIS” as a geographically descriptive mark, opining that there is no specific lifestyle, aura, quality or characteristic that the real estate projects possess except for the fact that they are located along St. Francis Avenue and St. Francis Street (now known as Bank Drive), Ortigas Center. In this light, the BLA found that while respondent’s use of the mark “ST. FRANCIS” has not attained exclusivity considering that there are other real estate development projects bearing the name “St. Francis” in other areas,¹⁰ it must nevertheless be pointed out that respondent has been known to be the only real estate firm to transact business using such name within the Ortigas Center vicinity. Accordingly, the BLA considered respondent to have gained goodwill and reputation for its mark, which therefore entitles it to protection against the use by other persons, at least, to those doing business within the Ortigas Center.¹¹

Meanwhile, on March 28, 2007, the BLA rendered a Decision¹² in the **St. Francis Towers IP Case**, denying petitioners’ application for registration of the mark “THE ST. FRANCIS TOWERS.” Excluding the word “TOWERS” in view of petitioners’ disclaimer thereof, the BLA ruled that petitioners cannot register the mark “THE ST. FRANCIS” since it is

⁷ See *id.* at 99-100.

⁸ See *id.* at 104.

⁹ *CA rollo*, pp. 244-266. Penned by Director Estrellita Beltran-Abelardo.

¹⁰ The following were stated as examples in the BLA’s Decision dated December 19, 2006 in the IPV Case: Emmaus II St. Francis Village Condominium located at Moonwalk Subdivision, Parañaque City, St. Francis Village Phase I-B/St. Francis Village Rolling Meadow Phase I and II located at San Bartolome, Novaliches, Quezon City, and St. Francis Condominium located at Xavier St., Greenhills, San Juan City. (*Id.* at 262.)

¹¹ See *id.* at 259-263.

¹² *Id.* at 559-567.

confusingly similar to respondent's "ST. FRANCIS" marks which are registered with the Department of Trade and Industry (DTI). It held that respondent had a better right over the use of the mark "ST. FRANCIS" because of the latter's appropriation and continuous usage thereof for a long period of time.¹³

A little over a year after, or on March 31, 2008, the BLA then rendered a Decision¹⁴ in the **St. Francis Shangri-La IP Case**, allowing petitioners' application for registration of the mark "THE ST. FRANCIS SHANGRI-LA PLACE." It found that respondent cannot preclude petitioners from using the mark "ST. FRANCIS" as the records show that the former's use thereof had not been attended with exclusivity. More importantly, it found that petitioners had adequately appended the word "Shangri-La" to its composite mark to distinguish it from that of respondent, in which case, the former had removed any likelihood of confusion that may arise from the contemporaneous use by both parties of the mark "ST. FRANCIS."

Both parties appealed the decision in the **IPV Case**, while petitioners appealed the decision in the **St. Francis Towers IP Case**. Due to the identity of the parties and issues involved, the IPO Director-General ordered the consolidation of the separate appeals.¹⁵ Records are, however, bereft of any showing that the decision in the **St. Francis Shangri-La IP Case** was appealed by either party and, thus, is deemed to have lapsed into finality.

The IPO Director-General Ruling

In a Decision¹⁶ dated September 3, 2008, then IPO Director-General Adrian S. Cristobal, Jr. affirmed the rulings of the BLA that: (a) petitioners cannot register the mark "THE ST. FRANCIS TOWERS"; and (b) petitioners are not guilty of unfair competition in its use of the mark "THE ST. FRANCIS SHANGRI-LA PLACE." However, the IPO Director-General reversed the BLA's finding that petitioners committed unfair competition through their use of the mark "THE ST. FRANCIS TOWERS," thus dismissing such charge. He found that respondent could not be entitled to the exclusive use of the mark "ST. FRANCIS," even at least to the locality where it conducts its business, because it is a geographically descriptive mark, considering that it was petitioners' as well as respondent's intention to use the mark "ST. FRANCIS" in order to identify, or at least associate, their real estate development projects/businesses with the place or location where they are situated/conducted, particularly, St. Francis Avenue and St. Francis Street (now known as Bank Drive), Ortigas Center. He further opined that respondent's registration of the name "ST. FRANCIS" with

¹³ Id. at 564-566.

¹⁴ Id. at 341-349.

¹⁵ *Rollo*, p. 78.

¹⁶ Id. at 98-114.

the DTI is irrelevant since what should be controlling are the trademark registrations with the IPO itself.¹⁷ Also, the IPO Director-General held that since the parties are both engaged in the real estate business, it would be “hard to imagine that a prospective buyer will be enticed to buy, rent or purchase [petitioners’] goods or services believing that this is owned by [respondent] simply because of the name ‘ST. FRANCIS.’ The prospective buyer would necessarily discuss things with the representatives of [petitioners] and would readily know that this does not belong to [respondent].”¹⁸

Disagreeing solely with the IPO Director-General’s ruling on the issue of unfair competition (the bone of contention in the IPV Case), respondent elevated the same to the CA.

In contrast, records do not show that either party appealed the IPO Director-General’s ruling on the issue of the registrability of the mark “THE ST. FRANCIS TOWERS” (the bone of contention in the St. Francis Towers IP Case). As such, said pronouncement is also deemed to have lapsed into finality.

The CA Ruling

In a Decision¹⁹ dated December 18, 2009, the CA found petitioners guilty of unfair competition not only with respect to their use of the mark “THE ST. FRANCIS TOWERS” but also of the mark “THE ST. FRANCIS SHANGRI-LA PLACE.” Accordingly, it ordered petitioners to cease and desist from using “ST. FRANCIS” singly or as part of a composite mark, as well as to jointly and severally pay respondent a fine in the amount of ₱200,000.00.

The CA did not adhere to the IPO Director-General’s finding that the mark “ST. FRANCIS” is geographically descriptive, and ruled that respondent – which has exclusively and continuously used the mark “ST. FRANCIS” for more than a decade, and, hence, gained substantial goodwill and reputation thereby – is very much entitled to be protected against the indiscriminate usage by other companies of the trademark/name it has so painstakingly tried to establish and maintain. Further, the CA stated that even on the assumption that “ST. FRANCIS” was indeed a geographically descriptive mark, adequate protection must still be given to respondent pursuant to the Doctrine of Secondary Meaning.²⁰

Dissatisfied, petitioners filed the present petition.

¹⁷ Id. at 103-106 and 111-112.

¹⁸ Id. at 112.

¹⁹ Id. at 68-95.

²⁰ See id. at 91-93.

The Issue Before the Court

With the decisions in both *Inter Partes* Cases having lapsed into finality, the sole issue thus left for the Court's resolution is whether or not petitioners are guilty of unfair competition in using the marks "THE ST. FRANCIS TOWERS" and "THE ST. FRANCIS SHANGRI-LA PLACE."

The Court's Ruling

The petition is meritorious.

Section 168 of Republic Act No. 8293,²¹ otherwise known as the "Intellectual Property Code of the Philippines" (IP Code), provides for the rules and regulations on unfair competition.

To begin, **Section 168.1** qualifies who is entitled to protection against unfair competition. It states that "[a] person who has identified in the mind of the public the goods he manufactures or deals in, his business or services from those of others, whether or not a registered mark is employed, has a property right in the goodwill of the said goods, business or services so identified, which will be protected in the same manner as other property rights."

Section 168.2 proceeds to the core of the provision, describing forthwith who may be found guilty of and subject to an action of unfair competition – that is, "[a]ny person who shall employ deception or any other means contrary to good faith by which he shall pass off the goods manufactured by him or in which he deals, or his business, or services for those of the one having established such goodwill, or who shall commit any acts calculated to produce said result x x x."

Without limiting its generality, **Section 168.3** goes on to specify examples of acts which are considered as constitutive of unfair competition, *viz.*:

168.3. In particular, and without in any way limiting the scope of protection against unfair competition, the following shall be deemed guilty of unfair competition:

(a) Any person who is selling his goods and gives them the general appearance of goods of another manufacturer or dealer, either as to

²¹ Entitled "AN ACT PRESCRIBING THE INTELLECTUAL PROPERTY CODE AND ESTABLISHING THE INTELLECTUAL PROPERTY OFFICE, PROVIDING FOR ITS POWERS AND FUNCTIONS, AND FOR OTHER PURPOSES."

the goods themselves or in the wrapping of the packages in which they are contained, or the devices or words thereon, or in any other feature of their appearance, which would be likely to influence purchasers to believe that the goods offered are those of a manufacturer or dealer, other than the actual manufacturer or dealer, or who otherwise clothes the goods with such appearance as shall deceive the public and defraud another of his legitimate trade, or any subsequent vendor of such goods or any agent of any vendor engaged in selling such goods with a like purpose;

(b) Any person who by any artifice, or device, or who employs any other means calculated to induce the false belief that such person is offering the service of another who has identified such services in the mind of the public; or

(c) Any person who shall make any false statement in the course of trade or who shall commit any other act contrary to good faith of a nature calculated to discredit the goods, business or services of another.

Finally, **Section 168.4** dwells on a matter of procedure by stating that the “[t]he remedies provided by Sections 156,²² 157,²³ and 161²⁴ shall apply *mutatis mutandis*.”

²² SECTION 156. Actions, and Damages and Injunction for Infringement. —

156.1. The owner of a registered mark may recover damages from any person who infringes his rights, and the measure of the damages suffered shall be either the reasonable profit which the complaining party would have made, had the defendant not infringed his rights, or the profit which the defendant actually made out of the infringement, or in the event such measure of damages cannot be readily ascertained with reasonable certainty, then the court may award as damages a reasonable percentage based upon the amount of gross sales of the defendant or the value of the services in connection with which the mark or trade name was used in the infringement of the rights of the complaining party.

156.2. On application of the complainant, the court may impound during the pendency of the action, sales invoices and other documents evidencing sales.

156.3. In cases where actual intent to mislead the public or to defraud the complainant is shown, in the discretion of the court, the damages may be doubled.

156.4. The complainant, upon proper showing, may also be granted injunction.

²³ SECTION 157. Power of Court to Order Infringing Material Destroyed. —

157.1. In any action arising under this Act, in which a violation of any right of the owner of the registered mark is established, the court may order that goods found to be infringing be, without compensation of any sort, disposed of outside the channels of commerce in such a manner as to avoid any harm caused to the right holder, or destroyed; and all labels, signs, prints, packages, wrappers, receptacles and advertisements in the possession of the defendant, bearing the registered mark or trade name or any reproduction, counterfeit, copy or colorable imitation thereof, all plates, molds, matrices and other means of making the same, shall be delivered up and destroyed.

157.2. In regard to counterfeit goods, the simple removal of the trademark affixed shall not be sufficient other than in exceptional cases which shall be determined by the Regulations, to permit the release of the goods into the channels of commerce.

²⁴ SECTION 161. Authority to Determine Right to Registration. — In any action involving a registered mark, the court may determine the right to registration, order the cancellation of a registration, in whole or in part, and otherwise rectify the register with respect to the registration of any party to the action in the exercise of this. Judgment and orders shall be certified by the court to the Director, who shall make appropriate entry upon the records of the Bureau, and shall be controlled thereby.

The statutory attribution of the unfair competition concept is well-supplemented by jurisprudential pronouncements. In the recent case of *Republic Gas Corporation v. Petron Corporation*,²⁵ the Court has echoed the classic definition of the term which is “the passing off (or palming off) or attempting to pass off upon the public of the goods or business of one person as the goods or business of another with the end and probable effect of deceiving the public.’ Passing off (or palming off) takes place where the defendant, by imitative devices on the general appearance of the goods, misleads prospective purchasers into buying his merchandise under the impression that they are buying that of his competitors. [In other words], the defendant gives his goods the general appearance of the goods of his competitor with the **intention of deceiving the public** that the goods are those of his competitor.”²⁶ The “true test” of unfair competition has thus been **“whether the acts of the defendant have the intent of deceiving or are calculated to deceive the ordinary buyer making his purchases under the ordinary conditions of the particular trade to which the controversy relates.”** Based on the foregoing, it is therefore essential to prove the existence of fraud, or the intent to deceive, actual or probable,²⁷ determined through a judicious scrutiny of the factual circumstances attendant to a particular case.²⁸

Here, the Court finds the element of fraud to be wanting; hence, there can be no unfair competition. The CA’s contrary conclusion was faultily premised on its impression that respondent had the right to the exclusive use of the mark “ST. FRANCIS,” for which the latter had purportedly established considerable goodwill. What the CA appears to have disregarded or been mistaken in its disquisition, however, is the geographically-descriptive nature of the mark “ST. FRANCIS” which thus bars its exclusive appropriability, unless a secondary meaning is acquired. As deftly explained in the U.S. case of *Great Southern Bank v. First Southern Bank*:²⁹ **“[d]escriptive geographical terms are in the ‘public domain’ in the sense that every seller should have the right to inform customers of the geographical origin of his goods. A ‘geographically descriptive term’ is any noun or adjective that designates geographical location and would tend to be regarded by buyers as descriptive of the geographic location of origin of the goods or services. A geographically descriptive term can indicate any geographic location on earth, such as continents, nations, regions, states, cities, streets and addresses, areas of cities, rivers, and any other location referred to by a recognized name. In order to determine whether or not the geographic term in question is descriptively used, the following question is relevant: (1) Is the mark the name of the place or region from which the goods actually come? If the answer is yes, then the geographic**

²⁵ G.R. No. 194062, June 17, 2013, 698 SCRA 666.

²⁶ Id. at 680-681.

²⁷ *Superior Commercial Enterprises, Inc. v. Kunnan Enterprises Ltd.*, G.R. No. 169974, April 20, 2010, 618 SCRA 531, 556.

²⁸ See *Levi Strauss (Phils.), Inc. v. Lim*, 593 Phil. 435, 457 (2008). See also *Co Tiong Sa v. Director of Patents*, 95 Phil. 1, 4 (1954).

²⁹ 625 So.2d 463 (1993).

term is probably used in a descriptive sense, and secondary meaning is required for protection.³⁰

In *Burke-Parsons-Bowlby Corporation v. Appalachian Log Homes, Inc.*,³¹ it was held that **secondary meaning** is established when a descriptive mark no longer causes the public to associate the goods with a particular place, but to associate the goods with a particular source. In other words, it is not enough that a geographically-descriptive mark partakes of the name of a place known generally to the public to be denied registration as **it is also necessary to show that the public would make a goods/place association** – that is, to believe that the goods for which the mark is sought to be registered **originate** in that place. To hold such a belief, it is necessary, of course, that the purchasers perceive the mark as a place name, from which the question of obscurity or remoteness then comes to the fore.³² The more a geographical area is obscure and remote, it becomes less likely that the public shall have a goods/place association with such area and thus, the mark may not be deemed as geographically descriptive. However, where there is no genuine issue that the **geographical significance of a term is its primary significance** and where the **geographical place is neither obscure nor remote, a public association of the goods with the place may ordinarily be presumed from the fact that the applicant's own goods come from the geographical place named in the mark.**³³

Under **Section 123.2**³⁴ of the IP Code, specific requirements have to be met in order to conclude that a geographically-descriptive mark has acquired secondary meaning, to wit: (a) **the secondary meaning must have arisen as a result of substantial commercial use of a mark in the Philippines**; (b) **such use must result in the distinctiveness of the mark insofar as the goods or the products are concerned**; and (c) **proof of substantially exclusive and continuous commercial use in the Philippines for five (5) years before the date on which the claim of distinctiveness is made.** Unless secondary meaning has been established, a geographically-descriptive mark, due to its general public domain classification, is perceptibly disqualified from trademark registration. Section 123.1(j) of the IP Code states this rule as follows:

³⁰ Id.; emphases and underscoring supplied; brackets and citations omitted.

³¹ 871 F.2d 590 (1989).

³² *In re Societe Generale Des Eaux Minerales de Vittel, S.A.*, 824 F.2d 957, 3 USPQ2d 1450 (Fed. Cir. 1987). See also *In re California Pizza Kitchen, Inc.*, 10 USPQ2d 1704 (TTAB 1988).

³³ *In re California Pizza Kitchen, Inc.*, id., citing *In re Handler Fenton Westerns, Inc.*, 214 USPQ 848 (TTAB 1982).

³⁴ 123.2 As regards signs or devices mentioned in paragraphs (j), (k), and (l), nothing shall prevent the registration of any such sign or device which has become distinctive in relation to the goods for which the registration is requested as a result of the use that have been made of it in commerce in the Philippines. The Office may accept **as prima facie evidence** that the mark has become distinctive, as used in connection with the applicant's goods or services in commerce, proof of **substantially exclusive and continuous** use thereof by the applicant in commerce in the Philippines for five (5) years before the date on which the claim of distinctiveness is made. (Emphases and underscoring supplied)

SEC. 123. *Registrability.* –

123.1 A mark cannot be registered if it:

X X X X

(j) Consists exclusively of signs or of indications that may serve in trade to designate the kind, quality, quantity, intended purpose, value, **geographical origin**, time or production of the goods or rendering of the services, or other characteristics of the goods or services; (Emphasis supplied)

X X X X

Cognizant of the foregoing, the Court disagrees with the CA that petitioners committed unfair competition due to the mistaken notion that petitioner had established goodwill for the mark “ST. FRANCIS” precisely because said circumstance, by and of itself, does not equate to fraud under the parameters of Section 168 of the IP Code as above-cited. In fact, the records are bereft of any showing that petitioners gave their goods/services the general appearance that it was respondent which was offering the same to the public. Neither did petitioners employ any means to induce the public towards a false belief that it was offering respondent’s goods/services. Nor did petitioners make any false statement or commit acts tending to discredit the goods/services offered by respondent. Accordingly, the element of fraud which is the core of unfair competition had not been established.

Besides, respondent was not able to prove its compliance with the requirements stated in Section 123.2 of the IP Code to be able to conclude that it acquired a secondary meaning – and, thereby, an exclusive right – to the “ST. FRANCIS” mark, which is, as the IPO Director-General correctly pointed out, geographically-descriptive of the location in which its realty developments have been built, *i.e.*, St. Francis Avenue and St. Francis Street (now known as “Bank Drive”). Verily, records would reveal that while it is true that respondent had been using the mark “ST. FRANCIS” since 1992, its use thereof has been merely confined to its realty projects within the Ortigas Center, as specifically mentioned. As its use of the mark is clearly limited to a certain locality, it cannot be said that there was substantial commercial use of the same recognized all throughout the country. Neither is there any showing of a mental recognition in buyers’ and potential buyers’ minds that products connected with the mark “ST. FRANCIS” are associated with the same source³⁵ – that is, the enterprise of respondent. Thus, absent any showing that there exists a clear goods/service-association between the realty projects located in the aforesaid area and herein respondent as the developer thereof, the latter cannot be said to have acquired a secondary meaning as to its use of the “ST. FRANCIS” mark.

³⁵ See *Japan Telecom, Inc. v. Japan Telecom America, Inc.*, 287 F.3d 866 (2002); *Self-Realization Fellowship Church v. Ananda Church of Self-Realization*, 59 F.3d 902, 35 USPQ2d 1342 (Fed Cir. 1995); *Levi Strauss & Co. v. Blue Bell, Inc.*, 632 F.2d 817, 208 USPQ 713 (Fed Cir. 1980).

In fact, even on the assumption that secondary meaning had been acquired, said finding only accords respondents protectional qualification under Section 168.1 of the IP Code as above quoted. Again, this does not automatically trigger the concurrence of the fraud element required under Section 168.2 of the IP Code, as exemplified by the acts mentioned in Section 168.3 of the same. Ultimately, as earlier stated, there can be no unfair competition without this element. In this respect, considering too the notoriety of the Shangri-La brand in the real estate industry which dilutes petitioners' propensity to merely ride on respondent's goodwill, the more reasonable conclusion is that the former's use of the marks "THE ST. FRANCIS TOWERS" and "THE ST. FRANCIS SHANGRI-LA PLACE" was meant only to identify, or at least associate, their real estate project/s with its geographical location. As aptly observed by the IPO Director-General:³⁶

In the case at hand, the parties are business competitors engaged in real estate or property development, providing goods and services directly connected thereto. The "goods" or "products" or "services" are real estate and the goods and the services attached to it or directly related to it, like sale or lease of condominium units, offices, and commercial spaces, such as restaurants, and other businesses. For these kinds of goods or services there can be no description of its geographical origin as precise and accurate as that of the name of the place where they are situated. (Emphasis and underscoring supplied)

Hence, for all the reasons above-discussed, the Court hereby grants the instant petition, and, thus, exonerates petitioners from the charge of unfair competition in the IPV Case. As the decisions in the *Inter Partes* Cases were not appealed, the registrability issues resolved therein are hereby deemed to have attained finality and, therefore, are now executory.

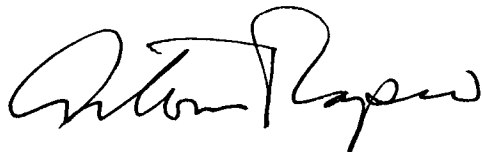
WHEREFORE, the petition is **GRANTED**. The Decision dated December 18, 2009 of the Court of Appeals in CA-G.R. SP No. 105425 is hereby **REVERSED** and **SET ASIDE**. Accordingly, the Decision dated September 3, 2008 of the Intellectual Property Office-Director General is **REINSTATED**.

SO ORDERED.


ESTELA M. PERLAS-BERNABE
Associate Justice

³⁶ *Rollo*, p. 104.

WE CONCUR:



ANTONIO T. CARPIO
Associate Justice
Chairperson



ARTURO D. BRION
Associate Justice



DIOSDADO M. PERALTA
Associate Justice



JOSE PORTUGAL PEREZ
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.



ANTONIO T. CARPIO
Associate Justice
Chairperson, Second Division

CERTIFICATION

Pursuant to Section 13, Article VIII 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.



MARIA LOURDES P. A. SERENO
Chief Justice