

## **FIRST DIVISION**

**[ G.R. No. 111580, June 21, 2001 ]**

**SHANGRI-LA INTERNATIONAL HOTEL MANAGEMENT LTD.,  
SHANGRI-LA PROPERTIES, INC., MAKATI SHANGRI-LA HOTEL  
AND RESORT, INC. AND KUOK PHILIPPINE PROPERTIES, INC.,  
PETITIONERS, VS. THE COURT OF APPEALS, HON. FELIX M. DE  
GUZMAN, AS JUDGE, RTC OF QUEZON CITY, BRANCH 99 AND  
DEVELOPERS GROUP OF COMPANIES, INC., RESPONDENTS.**

**[G.R. NO. 114802. JUNE 21, 2001]**

**DEVELOPERS GROUP OF COMPANIES, INC., PETITIONER, VS.  
THE COURT OF APPEALS, HON. IGNACIO S. SAPALO, IN HIS  
CAPACITY AS DIRECTOR, BUREAU OF PATENTS, TRADEMARKS  
AND TECHNOLOGY TRANSFER, AND SHANGRI-LA  
INTERNATIONAL HOTEL MANAGEMENT, LTD., RESPONDENTS.**

### **D E C I S I O N**

**YNARES-SANTIAGO, J.:**

On June 21, 1988, the Shangri-La International Hotel Management, Ltd., Shangri-La Properties, Inc., Makati Shangri-La Hotel and Resort, Inc. and Kuok Philippine Properties, Inc. (hereinafter collectively referred as the "Shangri-La Group"), filed with the Bureau of Patents, Trademarks and Technology Transfer (BPTTT) a petition, docketed as Inter Partes Case No. 3145, praying for the cancellation of the registration of the "Shangri-La" mark and "S" device/logo issued to the Developers Group of Companies, Inc., on the ground that the same was illegally and fraudulently obtained and appropriated for the latter's restaurant business. The Shangri-La Group alleged that it is the legal and beneficial owners of the subject mark and logo; that it has been using the said mark and logo for its corporate affairs and business since March 1962 and caused the same to be specially designed for their international hotels in 1975, much earlier than the alleged first use thereof by the Developers Group in 1982.

Likewise, the Shangri-La Group filed with the BPTTT its own application for registration of the subject mark and logo. The Developers Group filed an opposition to the application, which was docketed as Inter Partes Case No. 3529.

Almost three (3) years later, or on April 15, 1991, the Developers Group instituted with the Regional Trial Court of Quezon City, Branch 99, a complaint for infringement and damages with prayer for injunction, docketed as Civil Case No. Q-91-8476, against the Shangri-La Group.

On January 8, 1992, the Shangri-La Group moved for the suspension of the proceedings in the infringement case on account of the pendency of the

administrative proceedings before the BPTTT.<sup>[1]</sup> This was denied by the trial court in a Resolution issued on January 16, 1992.<sup>[2]</sup> The Shangri-La Group filed a Motion for Reconsideration.<sup>[3]</sup> Soon thereafter, it also filed a Motion to Inhibit against Presiding Judge Felix M. de Guzman.<sup>[4]</sup> On July 1, 1992, the trial court denied both motions.<sup>[5]</sup>

The Shangri-La Group filed a petition for *certiorari* before the Court of Appeals, docketed as CA-G.R. SP No. 29006.<sup>[6]</sup> On February 15, 1993, the Court of Appeals rendered its decision dismissing the petition for certiorari.<sup>[7]</sup> The Shangri-La Group filed a Motion for Reconsideration, which was denied on the ground that the same presented no new matter that warranted consideration.<sup>[8]</sup>

Hence, the instant petition, docketed as G.R. No. 111580, based on the following grounds:

THE HONORABLE COURT OF APPEALS GRAVELY ABUSED ITS DISCRETION AND COMMITTED A REVERSIBLE ERROR IN NOT FINDING THAT:

I. THE INFRINGEMENT CASE SHOULD BE DISMISSED OR AT LEAST SUSPENDED; AND

II. THE HONORABLE PRESIDING JUDGE SHOULD INHIBIT HIMSELF FROM TRYING THE INFRINGEMENT CASE.<sup>[9]</sup>

Meanwhile, on October 28, 1991, the Developers Group filed in Inter Partes Case No. 3145 an Urgent Motion to Suspend Proceedings, invoking the pendency of the infringement case it filed before the Regional Trial Court of Quezon City.<sup>[10]</sup> On January 10, 1992, the BPTTT, through Director Ignacio S. Sapalo, issued an Order denying the Motion.<sup>[11]</sup> A Motion for Reconsideration was filed which was, however, denied in a Resolution dated February 11, 1992.<sup>[12]</sup>

From the denial by the BPTTT of its Urgent Motion to Suspend Proceedings and Motion for Reconsideration, the Developers Group filed with the Court of Appeals a petition for certiorari, mandamus and prohibition, docketed as CA-G.R. SP No. 27742.<sup>[13]</sup> On March 29, 1994, the Court of Appeals dismissed the petition for lack of merit.<sup>[14]</sup>

A petition for review was thereafter filed, docketed as G.R. No. 114802, raising the issue of:

WHETHER OR NOT, GIVEN THE ESTABLISHED FACTS AND CIRCUMSTANCES ON RECORD AND THE LAW AND JURISPRUDENCE APPLICABLE TO THE MATTER, THE RESPONDENT COURT ERRED IN HOLDING THAT, INASMUCH AS BOTH THE CIVIL ACTION AND THE ADMINISTRATIVE PROCEEDINGS HERE INVOLVED MAY CO-EXIST AND

THE LAW DOES NOT PROVIDE FOR ANY PREFERENCE BY ONE OVER THE OTHER, THE RESPONDENT DIRECTOR HAD JURISDICTION TO RULE AS HE DID AND HAD NOT INCURRED ANY GRAVE ABUSE OF DISCRETION CORRECTIBLE BY THE EXTRAORDINARY REMEDIES OF CERTIORARI, PROHIBITION AND MANDAMUS.<sup>[15]</sup>

On February 2, 1998, G.R. Nos. 111580 and 114802 were ordered consolidated.

The core issue is simply whether, despite the institution of an Inter Partes case for cancellation of a mark with the BPTTT (now the Bureau of Legal Affairs, Intellectual Property Office) by one party, the adverse party can file a subsequent action for infringement with the regular courts of justice in connection with the same registered mark.

We rule in the affirmative.

Section 151.2 of Republic Act No. 8293, otherwise known as the Intellectual Property Code, provides, as follows -

Section 151.2. Notwithstanding the foregoing provisions, the court or the administrative agency vested with jurisdiction to hear and adjudicate any action to enforce the rights to a registered mark shall likewise exercise jurisdiction to determine whether the registration of said mark may be cancelled in accordance with this Act. The filing of a suit to enforce the registered mark with the proper court or agency shall exclude any other court or agency from assuming jurisdiction over a subsequently filed petition to cancel the same mark. ***On the other hand, the earlier filing of petition to cancel the mark with the Bureau of Legal Affairs shall not constitute a prejudicial question that must be resolved before an action to enforce the rights to same registered mark may be decided.*** (Emphasis provided)

Similarly, Rule 8, Section 7, of the Regulations on Inter Partes Proceedings, provides to wit -

Section 7. *Effect of filing of a suit before the Bureau or with the proper court.* - The filing of a suit to enforce the registered mark with the proper court or Bureau shall exclude any other court or agency from assuming jurisdiction over a subsequently filed petition to cancel the same mark. ***On the other hand, the earlier filing of petition to cancel the mark with the Bureau shall not constitute a prejudicial question that must be resolved before an action to enforce the rights to same registered mark may be decided.*** (Emphasis provided)

Hence, as applied in the case at bar, the earlier institution of an Inter Partes case by the Shangri-La Group for the cancellation of the "Shangri-La" mark and "S" device/logo with the BPTTT cannot effectively bar the subsequent filing of an infringement case by registrant Developers Group. The law and the rules are