

## **SECOND DIVISION**

**[ G.R. No. 235279, March 02, 2020 ]**

**SUNFIRE TRADING, INC., PETITIONER, V. GERALDINE GUY,  
RESPONDENT.**

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

**DELOS SANTOS, J.:**

#### **The Case**

A Petition for Review under Rule 45 of the Rules of Court seeking to nullify, vacate, reverse and set aside the Decision<sup>[1]</sup> of the Court of Appeals in CA-G.R. SP No. 135146 promulgated on March 20, 2017 and its Resolution<sup>[2]</sup> dated October 24, 2017, affirming the Order<sup>[3]</sup> of Regional Trial Court, Branch 159, Pasig City, rendered on November 18, 2013, which directed the Intellectual Property Office to cancel the assignment of trademark and the corresponding Certificate of Registration of the petitioner and to issue a new Certificate of Registration in favor of the respondent.

#### **Facts and Antecedent Proceedings**

As narrated by the Court of Appeals (CA) in its assailed Decision, the facts and the antecedent proceedings of the instant case are as follows:

The controversy stemmed from Civil Case No. 70359 in the sala of public respondent, filed by Northern Islands Company Inc. (NICI) against 3D Industries, Inc. (3D). Civil Case No. 70359 appeared to be one for breach of contract, trademark infringement, and unfair competition. Eventually, NICI prevailed in the civil case.

It was established that on February 13, 2013, or after the judgment was rendered in Civil Case No. 70359, 3D assigned the trademark subject matter thereof to herein petitioner Sunfire Tradings[, ] Inc.

On May 7, 2013, execution proceedings ensued to satisfy the judgment award in favor of NICI. In the public auction of the trademark, private respondent Geraldine Guy emerged as the highest bidder and a Certificate of Sale was issued in her favor. The trademark was paid for in the amount of P500,000.00 and accordingly, the proceeds were released to NICI.

Pursuant to the auction sale, the court *a quo* ordered the Intellectual Property Office ("IPO") to cause registration of the trademark in the name of private respondent. However, the IPO failed to comply because based on the IPO record, the trademark had already been transferred by 3D to petitioner.

Private respondent claimed that petitioner should be treated as identical with 3D since it was owned and controlled by the same individual, and that the transfer was done to impede execution over the trademark.

Upon investigation with the IPO, private respondent discovered that as early as April 4, 2009, a Deed of Assignment of the trademark was executed in petitioner's favor by 3D, as evidenced by a Deed of Assignment dated April 24, 2009. And, *"[F]or some unresolved conditions between 3D Industries and Sunfire however, the mark was temporarily returned to 3D on October 22, 2010, but was permanently assigned back to Sunfire Trading on February 12, 2013 xxx."*

On account of ensuing events, private respondent filed an "Omnibus Motion (with Comment to *Ex Parte* Manifestation) dated September 12, 2013." She filed the pleading with public respondent in Civil Case No. 70359 to nullify/set aside the assignment of trademark made by 3D to petitioner, and to direct the IPO to issue a Certificate of Registration in her name.

Petitioner, which was not a party to Civil Case No. 70359, entered its special appearance to oppose the Motion, and filed its Comment and Opposition.

After an exchange of papers, the public respondent granted the Omnibus Motion of private respondent, through the assailed Order of November 18, 2013, during which occasion the IPO was directed to cancel the Certificate of Registration in favor of petitioner Sunfire, with a concomitant instruction to issue a new Certificate of Registration in favor of private respondent:

**"WHEREFORE**, the Omnibus Motion dated September 12, 2013 is hereby **GRANTED**.

The Intellectual Property Office is **DIRECTED** to **CANCEL** the assignment of trademark and the corresponding Certificate of Registration in favor of Sunfire Trading, Inc. and to **ISSUE** a new Certificate of Registration in the name of Geraldine G. Guy over MARK 3D AND DEVICE CONSISTING OF THE CHARACTERS '3' AND 'D' SUPERIMPOSED ON A RED QUADRILATERAL FIELD covered by Certificate of Registration No. 4-2002-000725, subject to compliance with the existing statutory and regulatory registration requirements. The same Office is further **ORDERED** to submit to this Court, within ten (10) days from receipt hereof, a report of its compliance with this Order.

**SO ORDERED."**

Petitioner's Motion for Reconsideration of the preceding Order was likewise denied by public respondent on February 24, 2014.<sup>[4]</sup>

### **The Ruling of the CA**

The CA dismissed the appeal of the petitioner for lack of merit. In agreeing with the trial court that the petitioner became transferee *pendente lite*, the CA found that the case was still in the execution stage and regarded as still pending when the assignment of trademark was made in favor of the petitioner. The CA also took note that 3D and petitioner are owned and controlled by Mr. Gilbert Guy, thus, it cannot be denied that Mr. Guy knew of the adverse judgment against 3D. The appellate court observed that 3D was mum all throughout the execution stage that it had already assigned the trademark to the petitioner; and in turn, petitioner likewise did not assert its right over the trademark during the public auction and simply allowed the same to push through.

According to the CA, the trial court did not alter nor modify the judgment because 3D remained liable to NICI, and petitioner was not substituted to assume the liability of 3D. Instead, the trial court ensured the compliance with its previous final and executory judgment. Thus, the Doctrine of Immutability of Judgment does not apply.

Lastly, the CA held that the Order of the trial court did not refer to piercing the veil of corporate fiction of 3D and the petitioner.

Hence, petitioner filed a Motion for Reconsideration,<sup>[5]</sup> but such was denied for lack of merit on October 24, 2017.

### **Issue**

Whether or not the CA committed grave abuse of discretion when it upheld the cancellation of assignment of trademark and the corresponding Certificate of Registration of the petitioner

Prefatorily, petitioner averred that the ownership of the trademark was never in dispute in Civil Case No. 70359, thus, there was no doubt that 3D could sell the trademark to a third party without avoiding whatever judgment the trial court might render. According to the petitioner, it was erroneous for the CA to conclude that the Assignment of Trademark to petitioner was made during the execution stage or after an adverse judgment against 3D;<sup>[6]</sup> that the assignment was as early as April 24, 2009; and that it was a purchaser in good faith and for value and cannot be considered as a transferee *pendente lite*.<sup>[7]</sup> As regards the claim that the trial court has no jurisdiction over the petitioner and its properties, petitioner claimed that it was not a party litigant in Civil Case No. 70359 and its properties can never be the subject of execution proceedings to satisfy a judgment debt against 3D. Lastly, petitioner complained that the doctrine of immutability of judgment was violated.

For her part, respondent countered that the transfer of the mark in favor of the petitioner was done in contravention of the decision of the trial court rendered on November 26, 2012, which permanently enjoined 3D from using the mark and from enjoying all the rights appurtenant thereto. She claimed that it was a clear transfer *pendente lite* since the transfer was made on the date when a final judgment was already issued binding the trademark.

### **Our Ruling**

After a careful review of the records of the instant case, this Court affirms the findings of the trial court and the CA that there was a transfer *pendente lite*. Thus, we deny the petition.