

Republic of the Philippines
SUPREME COURT
Manila

SECOND DIVISION

G.R. L-45101 November 28, 1986

ROSARIO C. MAGUAN (formerly ROSARIO C. TAN), petitioner,

vs.

THE HONORABLE COURT OF APPEALS and SUSANA LUCHAN, respondents.
Ambrosio Padilla Law Offices for petitioner.

PARAS, *J.:p*

Submitted on December 9, 1977 for Our decision is this petition for review on certiorari of the two Resolutions of the Court of Appeals, the first dated July 6, 1976, setting aside its Decision of February 16, 1976 in CA-G.R. No. SP-04706, titled "*SUSANA LUCHAN v. Hon. HONRADO, et al.*" wherein it ruled for the dismissal of the petition for lack of merit and at the same time nullifying the writ of preliminary injunction it had previously issued; and the second, dated November 4, 1976, denying the motion for reconsideration of the first resolution above-mentioned.

Petitioner is doing business under the firm name and style of "SWAN MANUFACTURING" while private respondent is likewise doing business under the firm name and style of "SUSANA LUCHAN POWDER PUFF MANUFACTURING."

It is undisputed that petitioner is a patent holder of powder puff namely:

1. UM-423 (extended and/or renewed under Extension No. UM-109 for a period of 5 years from October 6, 1971)
2. UM-450 (extended and/or renewed under Extension No. UM110 for a period of 5 years from January 26, 1972)
3. UM 1184, for a period of 5years from April 5, 1974.(Petition, Rollo, pp. 6-7).

In a letter dated July 10, 1974 (Annex "D", Rollo, p. 86), petitioner informed private respondent that the powder puffs the latter is manufacturing and selling to various enterprises particularly those in the cosmetics industry, resemble Identical or substantially Identical powder puffs of which the former is a patent holder under Registration Certification Nos. Extension UM-109, Extension UM-110 and Utility Model No. 1184; petitioner explained such production and sale constitute infringement of said patents and therefore its immediate discontinuance is demanded, otherwise it will be compelled to take judicial action. (Rollo, pp. 7-8).

Private respondent replied stating that her products are different and countered that petitioner's patents are void because the utility models applied for were not new and patentable and the person to whom the patents were issued was not the true and actual author nor were her rights derived from such author. (Taken from allegations in the Answer, par. 4, Rollo, p. 93). And on July 25, 1974, private respondent assailed the validity of the patents involved and filed with the Philippine Patent Office petitions for cancellation of (1) Utility Model Letter Patent Extension No. UM-109 (Inter Partes Case No. 838, Susana Luchan v. Rosario C. Tan), (2) Utility Model Letters Patent No. UM-1184 (Inter Partes Case No. 839, Susana Luchan v. Rosario C. Tan), (3) Utility

Model Letters Patent Extension No. UM-110 (Inter Partes Case No. 840, Susana Luchan v. Rosario C. Tan. (Taken from allegations in the Answer, par. 10, Rollo, pp. 94-95).

In view thereof, petitioner, on August 24, 1974, filed a complaint for damages with injunction and preliminary injunction against private respondent with the then Court of First Instance of Rizal, Pasig Branch, docketed as Civil Case No. 19908, for infringing the aforesaid letters patent, and prayed, among others, that a writ of preliminary injunction be immediately issued (Complaint, Rollo, p. 90).

In her answer, private respondent alleged that the products she is manufacturing and offering for sale are not identical, or even only substantially identical to the products covered by petitioner's patents and, by way of affirmative defenses, further alleged that petitioner's patents in question are void on the following grounds:

(1) at the time of filing of application for the patents involved, the utility models applied for were not new and patentable under Sec. 55 of R.A. 165, as amended by R.A. 864; and

(2) the person to whom the patents were issued was not the true and actual author of the utility models applied for, and neither did she derive her rights from any true and actual author of these utility models.

for the following reasons:

(a) since years prior to the filing of applications for the patents involved, powder puffs of the kind applied for were then already existing and publicly being sold in the market; both in the Philippines and abroad; and

(b) applicant's claims in her applications, of "construction" or process of manufacturing the utility models applied for, with respect to UM-423 and UM-450, were but a complicated and impractical version of an old, simple one which has been well known to the cosmetics industry since years previous to her filing of applications, and which belonged to no one except to the general public; and with respect to UM1184; her claim in her application of a unitary powder puff, was but an limitation of a product well known to the cosmetics industry since years previous to her firing of application, and which belonged to no one except to the general public; (Answer, Rollo, pp. 93-94).

On September 18, 1974, the trial court issued an Order (Annex "K", Rollo, p. 125) granting the preliminary injunction prayed for by petitioner. Consequently, the corresponding writ was subsequently issued (Annex "K-1", Rollo, p. 131) enjoining the herein private respondent (then defendant) and all other persons employed by her, her agents, servants and employees from directly or indirectly manufacturing, making or causing to be made, selling or causing to be sold, or using or causing to be used in accordance with, or embodying the utility models of the Philippine Patent Office Utility Model Letters Patent Nos. 423 (Extension No. UM-109), No. 450 (Extension No. UM-110), and Utility Model No. 1184 or from infringement upon or violating said letters patent in any way whatsoever (Annex " K-1 ", Rollo, p. 131).

Private respondent questioned the propriety of the trial court's issuance of the Writ of Preliminary Injunction arguing that since there is still a pending cancellation proceedings before the Philippine Patent Office concerning petitioner's patents, such cannot be the basis for preliminary injunction (Motion for Reconsideration, Rollo, p. 132).

In an Order dated September 11, 1975, the trial court denied private respondent's motion for reconsideration (Annex "N", Rollo, p. 142).

In challenging these Orders private respondent filed a petition for certiorari with the respondent court on September 29, 1975 (Annex "D", Rollo, pp. 148-171) reiterating among other things the invalidity of petitioner's patents and prayed that the trial court be restrained from enforcing or continuing to enforce the following:

(1) Order dated September 18, 1974, granting the preliminary injunction;

(2) Writ of preliminary injunction dated September 18, 1974; and

(3) Order dated September 11, 1974 denying petitioner's motion petition for reconsideration.

On October 15, 1975, the Writ of Preliminary Injunction was issued by the respondent Court of Appeals as follows:

NOW, THEREFORE, you, respondents, and/or any person/persons acting on your stead, are hereby ENJOINED to RESTRAIN from enforcing or continuing to enforce, the proceedings complained of in the petition to wit: 1) Order dated September 18, 1974, granting the preliminary injunction; 2) Writ of Preliminary Injunction dated September 18, 1974; and Order dated September 11, 1975, denying petitioner's motion for reconsideration, all issued in connection with Civil Case No. 19908, UNTIL FURTHER ORDERS FROM THIS COURT. (Annex "P", Rollo, p. 1.73)

On February 16, 1976, respondent court promulgated a decision the dispositive portion of which reads:

WHEREFORE, finding no merit in the herein petition, the same is hereby dismissed and the preliminary injunction previously issued by this Court is hereby set aside, with costs.

SO ORDERED. (CA Decision, Rollo, p. 189).

In said decision respondent court stated that in disposing of the petition it tackled only the issue of whether the court *a quo* acted with grave abuse of discretion in issuing the challenged orders. It made clear the question of whether the patents have been infringed or not was not determined considering the court *a quo* has yet to decide the case on the merits (*Ibid.*, p. 186).

Feeling aggrieved, private respondent moved to reconsider the afore-mentioned Decision based on the following grounds:

I

THAT THIS HONORABLE COURT ERRED IN NOT APPRECIATING THE EXISTENCE OF A FAIR QUESTION OF INVALIDITY OF PRIVATE RESPONDENT'S PATENTS.

II

THAT THIS HONORABLE COURT ERRED IN NOT REJECTING THE THEORY OF RESPONDENT JUDGE THAT HE HAS NO JURISDICTION TO INVALIDATE THE PATENTS UPON

GROUND OF LACK OF NOVELTY OF THE PRODUCTS
PATENTED. (Motion for Reconsideration, Rollo, p. 190).

Reviewing on reconsideration, respondent court gave weight to private respondent's allegation that the latter's products are not identical or even only substantially identical to the products covered by petitioner's patents. Said court noticed that contrary to the lower courts position that the court *a quo* had no jurisdiction to determine the question of invalidity of the patents, Section 45 and 46 of the Patent Law allow the court to make a finding on the validity or invalidity of patents and in the event there exists a fair question of its invalidity, the situation calls for a denial of the writ of preliminary injunction pending the evaluation of the evidence presented (Rollo, pp. 218-226). Thus, finding the lower court's position to have been opposed to Patent Law, respondent court considered it a grave abuse of discretion when the court *a quo* issued the writ being questioned without looking into the defenses alleged by herein private respondent. Further, it considered the remedy of appeal, under the circumstances, to be inadequate.

Thus, on July 6, 1976, respondent court made a complete turnabout from its original decision and promulgated a Resolution, the dispositive portion of which reads:

WHEREFORE, our decision is hereby set aside. The writ of certiorari is ordered issued. Accordingly, the challenged orders, Exhibit H and H-1 and the order denying the motion for reconsideration (Annex "K", Petition), are hereby set aside. The writ of preliminary injunction previously ordered by this Court and ordered lifted by the Decision now being set aside is hereby reinstated and made permanent, without pronouncement as to costs.

SO ORDERED. (CA Resolution, Rollo, p. 226).

In a Resolution dated November 4, 1976, respondent court, not persuaded by the grounds embodied in the motion for reconsideration filed by herein petitioner (Annex "V", Rollo, p. 227), denied the same for lack of merit, thereby maintaining the same stand it took in its July 6, 1976 Resolution (Rollo, p. 281). Hence, this petition.

On December 3, 1976, without giving due course to the petition, this Court required respondent to file her Comment (Rollo, p. 290) which was filed on December 16, 1976 (Rollo, pp. 291-316). Thereafter, petitioner filed her Reply (Rollo, p. 323) and on May 30, 1977, the petition was given due course (Rollo, p. 345). Petitioner filed her brief on July 14, 1977 (Rollo, p. 351) while private respondent filed her brief on August 25, 1977 (Rollo, p. 359). Thereafter, petitioner having failed to file reply brief, the Court resolved to declare the case submitted for decision on December 9, 1977 (Rollo, p. 359).

The assignment of errors raised by the petitioner in this case (Rollo, pp. 15-16) may be reduced to three main issues:

- (1) Whether or not in an action for infringement the Court *a quo* had jurisdiction to determine the invalidity of the patents at issue which invalidity was still pending consideration in the patent office.
- (2) Whether or not the Court *a quo* committed grave abuse of discretion in the issuance of a writ of preliminary injunction.
- (3) Whether or not certiorari is the proper remedy.

The first issue has been laid to rest in a number of cases where the Court ruled that "When a patent is sought to be enforced, the questions of invention, novelty or prior use, and each of them, are open to judicial examination." (Vargas v. F.M. Yaptico & Co. 40 Phil. 199 [1919]; Vargas v. Chua, 57 Phil. 790-791 [1933]; Frank and Gohn v. Kosuyana 59 Phil. 207 [1933]).

Under the present Patent Law, there is even less reason to doubt that the trial court has jurisdiction to declare the patents in question invalid. A patentee shall have the exclusive right to make, use and sell the patented article or product and the making, using, or selling by any person without the authorization of the patentee constitutes infringement of the patent (Sec. 37, R.A. 165). Any patentee whose rights have been infringed upon may bring an action before the proper CFI now (RTC) and to secure an injunction for the protection of his rights (Sec. 42, R.A. 165). Defenses in an action for infringement are provided for in Section 45 of the same law which in fact were availed of by private respondent in this case. Then, as correctly stated by respondent Court of Appeals, this conclusion is reinforced by Sec. 46 of the same law which provides that if the Court shall find the patent or any claim thereof invalid, the Director shall on certification of the final judgment ... issue an order cancelling the patent or the claims found invalid and shall publish a notice thereof in the Official Gazette." Upon such certification, it is ministerial on the part of the patent office to execute the judgment. (Rollo, pp. 221-222).

II.

The burden of proof to substantiate a charge of infringement is with the plaintiff. But where the plaintiff introduces the patent in evidence, and the same is in due form, there is created a *prima facie* presumption of its correctness and validity. The decision of the Commissioner (now Director) of Patent in granting the patent is presumed to be correct. The burden of going forward with the evidence (burden of evidence) then shifts to the defendant to overcome by competent evidence this legal presumption.

The question then in the instant case is whether or not the evidence introduced by private respondent herein is sufficient to overcome said presumption.

After a careful review of the evidence consisting of 64 exhibits and oral testimonies of five witnesses presented by private respondents before the Court of First Instance before the Order of preliminary injunction was issued as well as those presented by the petitioner, respondent Court of Appeals was satisfied that there is a *prima facie* showing of a fair question of invalidity of petitioner's patents on the ground of lack of novelty. As pointed out by said appellate court said evidence appeared not to have been considered at all by the court *a quo* for alleged lack of jurisdiction, on the mistaken notion that such question is within the exclusive jurisdiction of the patent office.

It has been repeatedly held that an invention must possess the essential elements of novelty, originality and precedence and for the patentee to be entitled to protection, the invention must be new to the world. Accordingly, a single instance of public use of the invention by a patentee for more than two years (now for more than one year only under Sec. 9 of the Patent Law) before the date of his application for his patent, will be fatal to the validity of the patent when issued. (Frank, et al. v. Kosuyama Vargas v. F.M. Yaptico & Co. and Vargas v. Chua, et al., *supra*).

The law provides:

SEC. 9. *Invention not considered new or patentable.* — An invention shall not be considered new or capable of being patented if it was known or used by others in the Philippines before the invention thereof by the inventor named in an application for patent for the invention; or if it was patented or described in any printed publication in the Philippines or any foreign country more than one year before the application for a patent therefor; or if it had been in public use or on sale in the Philippines for more than one year before the application for a patent therefor; or if it is the subject matter of a validity issued patent in the Philippines granted on an application filed before the filing of the application for patent therefor.

Thus, more specifically, under American Law from which our Patent Law was derived (*Vargas v. F.M. Yaptico & Co. supra*) it is generally held that in patent cases a preliminary injunction will not issue for patent infringement unless the validity of the patent is clear and beyond question. The issuance of letters patent, standing alone, is not sufficient to support such drastic relief (8 Deller's Walker on Patents p. 406). In cases of infringement of patent no preliminary injunction will be granted unless the patent is valid and infringed beyond question and the record conclusively proves the defense is sham. (*Ibid.*, p. 402)

In the same manner, under our jurisprudence, as a general rule because of the injurious consequences a writ of injunction may bring, the right to the relief demanded must be clear and unmistakable. (*Sangki v. Comelec*, 21 SCRA 1392; December 26, 1967) and the dissolution of the writ is proper where applicant has doubtful title to the disputed property. (*Ramos v. C.A.*, 95 SCRA 359).

III.

It will be noted that the validity of petitioner's patents is in question for want of novelty. Private respondent contends that powder puffs identical in appearance with that covered by petitioner's patents existed and were publicly known and used as early as 1963 long before petitioner was issued the patents in question. (List of Exhibits, Rollo, pp. 194-199). As correctly observed by respondent Court of Appeals, "since sufficient proofs have been introduced in evidence showing a fair question of the invalidity of the patents issued for such models, it is but right that the evidence be looked into, evaluated and determined on the merits so that the matter of whether the patents issued were in fact valid or not may be resolved." (Rollo, pp. 286-287).

All these notwithstanding, the trial court nonetheless issued the writ of preliminary injunction which under the circumstances should be denied.

For failure to determine first the validity of the patents before aforesaid issuance of the writ, the trial court failed to satisfy the two requisites necessary if an injunction is to issue, namely: the existence of the right to be protected and the violation of said right. (*Buayan Cattle Co., Inc. v. Quintillan*, 128 SCRA 276).

Under the above established principles, it appears obvious that the trial court committed a grave abuse of discretion which makes certiorari the appropriate remedy.

As found by respondent Court of Appeals, the injunctive order of the trial court is of so general a tenor that petitioner may be totally barred from the sale of any kind of powder puff. Under the circumstances, respondent appellate court is of the view that ordinary appeal is obviously inadequate. (Rollo, p. 288). A parallel was drawn from a decision of the Supreme Court in the case of *Sanchez v. Hon. Court of Appeals*, 69 SCRA 328 [1976] where the First Division of the Supreme Court ruled that "The prerogative writ of certiorari may be applied for by proper petition notwithstanding the existence of the regular remedy of an appeal in due cause when among other reasons, the broader interests of justice so require or an ordinary appeal is not an adequate remedy."

Private respondent maintains the position that the resolutions sought to be appealed from had long become final and executory for failure of Hon. Reynaldo P. Honrado, the trial court judge, to appeal by certiorari from the resolutions of respondent Court of Appeals. (Rollo, pp. 291-292).

Such contention is untenable.

There is no dispute that petitioner has seasonably petitioned. On the other hand, it is elementary that the trial judge is a mere *nominal party* as clearly provided in Section 5, Rule 65 of the Revised Rules of Court where it shall be the duty of such person or persons interested in sustaining the proceedings in court, "to appear and defend, both in his or their own behalf and in behalf of the court or judge affected by the proceedings."

Relative thereto "the judge whose order is under attack is merely a nominal party; wherefore, a judge in his official capacity should not be made to appear as a party seeking reversal of a decision that is unfavorable to the action taken by him." (Hon. Alcasid v. Samson, 102 Phil. 735-736; Taroná v. Sayo, 67 SCRA 508, 524; Lim Se v. Argel, 70 SCRA 378).

As to petitioner's claim of prescription, private respondent's contention that such refers to the filing of petitions for cancellation in the Patent Office under Sec. 28 of the Patent Law and not to a defense against an action for infringement under Sec. 45 thereof which may be raised anytime, is evident under aforesaid law.

PREMISES CONSIDERED, the assailed resolutions of the Court of Appeals are hereby AFFIRMED.

SO ORDERED.

*Feria (Chairman), Fernan, Gutierrez, Jr., and Feliciano, * JJ., concur.
Alampay, J., took no part.*

Footnotes:

* Justice Alampay took no part. Justice Feliciano was designated to sit in the Second Division.