

Republic of the Philippines
SUPREME COURT
Manila

THIRD DIVISION

G.R. No. 169882 September 12, 2007

MANOLO P. SAMSON, petitioners,

vs.

CATERPILLAR, INC., respondent.

AUSTRIA-MARTINEZ, J.:

This is a Petition for Review on *Certiorari* under Rule 45 of the Rules of Court, assailing the Amended Decision¹ dated 8 August 2005, rendered by the Court of Appeals in CA-G.R. SP No. 80532, (1) reversing its Decision,² dated 13 December 2004, in which it set aside the Order dated 31 January 2003 of Branch 211 of the Mandaluyong Regional Trial Court (RTC), dismissing Criminal Case No. MC02-5019 filed against petitioner Manolo P. Samson (Samson) for violation of Republic Act No. 8293, otherwise known as the Intellectual Property Code of the Philippines, specifically Section 168.3(a) on Unfair Competition, Section 123.1 (e) and Section 131.3 on registration of trademarks, in relation to Section 170 thereof; and (2) directing the Mandaluyong RTC to conduct an independent assessment of whether the Motion to Withdraw Information filed by the state prosecutor is warranted.

Samson is the owner of retail outlets within the Philippines, which sell, among other things, footwear, clothing, bags and other similar items, bearing the mark "Caterpillar" and "Cat." Samson registered the aforementioned marks for shoes, slippers, sandals and boots with the Bureau of Patents, Trademarks & Technology Transfer (whose functions are presently exercised by Intellectual Property Office) in 1997.³

Caterpillar is a foreign corporation, primarily in the business of manufacturing equipment used in construction, mining, road building and agricultural industries. Since the 1960's, however, it had expanded its product line to clothing and, since 1988, to footwear. Caterpillar alleges that it is a widely known brand name and that its products are being internationally distributed.⁴

As early as 26 July 2000, Branch 56 of the Makati RTC, issued Search Warrants No. 00-022 to No. 00-032 against establishments owned by Samson. This led to the seizure of various retail items such as footwear, clothing, accessories, and leatherware for Unfair Competition under the Intellectual Property Code. Caterpillar filed criminal complaints before the Department of Justice (DOJ). In addition, Caterpillar filed a civil action on 31 July 2000, heard before Branch 90 of the Quezon City RTC for Unfair Competition, Damages and Cancellation of Trademark with an Application for a Temporary Restraining Order and/or Writ of Preliminary Injunction docketed as Civil Case No. Q-00-41445.⁵

Since Samson allegedly continued to sell and distribute merchandise which bore the disputed "Caterpillar" marks, Caterpillar sought the issuance of another set of search warrants against Samson. On 18 December 2000, Branch 172 of the Valenzuela RTC in Search Warrants No. 12-V-00 to No. 37-V-00 issued 26 writs of search warrants under which various clothing items were seized by National Bureau of Investigation (NBI) agents as evidence of violations of the law on unfair competition.

On 23 January 2001, Caterpillar, through its legal counsel, filed 26 criminal complaints against Samson before the DOJ, for alleged violations of Section 168.3(a) on Unfair Competition, Section

123.1(e) and Section 131.3 on registration of trademarks, in relation to Section 170 of the Intellectual Property Code.⁶

The complaints were docketed as I.S. Nos. 2001-42 to 2001-67 and assigned to State Prosecutor Zenaida Lim of the Task Force on Anti-Intellectual Property Piracy. But before the determination by the DOJ on whether Samson should be criminally charged with Unfair Competition, the Valenzuela RTC already issued an Order, dated 26 June 2001, quashing the search warrants issued in Search Warrants No. 12-V-00 to No. 37-V-00.⁷

The DOJ, through State Prosecutor Lim, subsequently issued a Joint Resolution, dated 28 September 2001, recommending that Samson be criminally charged with unfair competition under Section 168.3(a), in relation to Section 131.1, 123.1 and 170 of the Intellectual Property Code. Resulting from the said Resolution, Criminal Case No. MC02-5019 was filed with the Mandaluyong RTC.⁸

Samson filed a Petition for Review of the foregoing Joint Resolution, with the Secretary of Justice. His petition was granted. In a Resolution dated 13 January 2003, the Acting Secretary of Justice, Merceditas Gutierrez, recommended the withdrawal of the criminal informations filed against Samson before various courts on the ground that there was lack of probable cause. Caterpillar filed a Motion for Reconsideration, which was denied by Acting Secretary of Justice Gutierrez on 25 September 2003. An appeal questioning the DOJ Resolution dated 13 January 2003 of Acting Secretary of Justice Gutierrez was filed by Caterpillar before the Court of Appeals docketed as CA-G.R. No. 79937.⁹

Meanwhile, pursuant to the Resolution dated 13 January 2003 of Acting Secretary of Justice Gutierrez, State Prosecutor Lim filed an *Ex Parte* Motion to Withdraw Information in Criminal Case No. MC02-5019 before the Mandaluyong RTC. On 31 January 2003, the Mandaluyong RTC issued an Order granting the withdrawal of the Information against Samson.¹⁰ The entire text of the said Decision reads:

This refers to the Ex-Parte Motion to Withdraw Information filed on January 31, 2003 by State Prosecution Zenaida M. Lim of the Department of Justice in connection with Resolution No. 011, Series of 2003, dated January 13, 2003 of the Acting Secretary of Justice Ma. Merceditas N. Gutierrez reversing and setting aside the resolution of said state prosecutor and directed the Chief State Prosecutor Jovencito R. Zuño to withdraw the informations filed in this court against Manolo Samson.

WHEREFORE, finding the said motion to be in order and it appearing that accused has not yet been arraigned and therefore the court has not yet acquired jurisdiction over the subject accused, the court hereby grants the withdrawal of the information in the above-entitled case as it is hereby ordered withdrawn from the record files of the court.¹¹

Caterpillar filed a Motion for Reconsideration, which was denied by the Mandaluyong RTC in an Order dated 27 August 2003:

For resolution is a Motion for Reconsideration of the order of the court dated January 31, 2003 granting the withdrawal of the information from the record files of the court, filed on February 21, 2003, by the plaintiff in the above-entitled case.

Hearing on the motion together with the opposition thereto was held after which, the same was submitted for resolution.

After the court examined with great care the bases advanced by both parties in the aforesaid motion, the court was unable to find any cogent justification to overturn or set aside its previous order, there being no new issues raised and the same are rehash of its previous pleadings.

WHEREFORE, premises considered, plaintiff's Motion for Reconsideration is hereby DENIED.¹²

Caterpillar filed with the Court of Appeals a Petition for *Certiorari* under Rule 65 of the Rules of Court, assailing the Order dated 31 January 2003 of the Mandaluyong RTC, docketed as CA-G.R. SP No. 80532. The Court of Appeals, in a Decision dated 13 December 2004, dismissed the Petition on the ground that Caterpillar lacked the legal standing to question the proceedings involving the criminal aspect of the case, and that its participation is limited only to the recovery of civil liability. The appellate court also took into account the denial by the Acting Secretary of Justice Gutierrez of Caterpillar's Motion for Reconsideration of her order to withdraw the Informations against Samson and, thus, ruled that this rendered the case moot and academic.¹³

Caterpillar filed a Motion for Reconsideration of the aforementioned Decision rendered by the Court of Appeals. In its Amended Decision dated 8 August 2005, the Court of Appeals reversed its earlier ruling and declared that the Mandaluyong RTC gravely abused its discretion when it merely relied on the Resolution, dated 13 January 2003 of Acting Secretary of Justice Gutierrez in ordering the withdrawal of the information filed before it without making an independent assessment of the case.¹⁴ In the dispositive portion of its Amended Decision, the Court of Appeals ruled that:

WHEREFORE, in view [of] the foregoing ratiocinations, the petitioner's Motion for Reconsideration is hereby GRANTED. The decision of this Court dated 13 December 2004, as well as the assailed orders of the respondent court dated 31 January 2003 and 27 August 2003 are hereby REVERSED and SET ASIDE.

The respondent court is hereby ordered to CONDUCT an independent assessment of whether the motion to withdraw information filed by the state prosecutor is warranted under the circumstances obtaining in the case.¹⁵

Samson filed with the Court of Appeals a Motion for Reconsideration of the Amended Decision, dated 8 August 2005, which was denied on 27 September 2005. Hence, the present Petition, where he is raising the following issues:

I

THE COURT OF APPEALS GROSSLY ERRED IN RULING THAT THE RESPONDENT JUDGE IN CA-G.R. NO. SP 80532 FAILED IN HER BOUNDEN DUTY TO DETERMINE THE MERITS OF THE PROSECUTION'S EX-PARTE MOTION TO WITHDRAW; and

II

THE COURT OF APPEALS LIKEWISE ERRED IN IGNORING ITS OWN DECISION FINDING RESPONDENT CATERPILLAR, INC., AS PRIVATE COMPLAINANT, BEREFT OF AUTHORITY TO ASSAIL THE STATE PROSECUTOR'S EX-PARTE MOTION TO WITHDRAW THE INFORMATION BECAUSE THE CRIMINAL ASPECT OF A CRIMINAL CASE IS UNDER THE DIRECTION AND CONTROL OF THE PROSECUTION AND, CONSEQUENTLY, PRIVATE COMPLAINANT HAS NO BUSINESS WHATSOEVER IN THE PROCEEDINGS.¹⁶

Before discussing the merits of the Petition at bar, this Court notes that on 15 February 2005, the Court of Appeals rendered a Decision in CA-G.R. SP No. 79937 in favor of Caterpillar. To recall, this was the petition filed by Caterpillar to assail the Resolution of Acting Secretary of Justice Gutierrez dated 13 January 2003, directing the Chief State Prosecutor to cause the withdrawal of Informations against Samson. The appellate court reversed said Resolution and pronounced that sufficient probable cause existed to justify the filing of Informations against Samson. Thus, it ordered the re-filing of the Informations before the proper trial courts.¹⁷

In its Decision in CA-G.R. SP No. 79937, the Court of Appeals held that the withdrawal of the Informations against Samson, predicated on the quashal of the search warrants, was a manifest error. Consistent with the doctrine laid out in *Solid Triangle Sales Corporation v. The Sheriff of RTC, Quezon City, Branch 93*,¹⁸ the appellate court ruled that the earlier finding of probable cause against Samson was not affected by the quashal of the warrants since independent evidence gathered by the NBI from the 24 test-buy operations it conducted in 1999 is sufficient to support such finding. It reiterated the findings of State Prosecutor Lim:

Respondent's use of depictions of heavy machinery and equipment, such as tractors, to market his products, would verily show that he is passing off his products as those of Caterpillar's xxx. Meanwhile, the similarity in the appearance of the goods manufactured or sold by respondent with those of Caterpillar's footwear products would demonstrate that he is passing off his product as those of genuine Caterpillar footwear products. Accordingly, "where the similarity in the appearance of the goods as packed and offered for sale is so striking, this fact shows intent on the part of defendant to deceive the public and defraud plaintiff out of his trade. The intent to deceive may be inferred from the similarity of the goods as packed and offered for sale, and an action will lie to restrain such unfair competition and for damages." x x x¹⁹.

On appeal docketed as G.R. No. 169199, this Court ruled that the Court of Appeals did not commit any reversible error.

By sustaining the Decision of the Court of Appeals in said case, this Court, in a Resolution dated 17 October 2005, had already ruled that probable cause exists for the re-filing of a criminal case against Samson for unfair competition under the Intellectual Property Code. Samson filed a Motion for Reconsideration of this Court's Resolution, which was denied with finality on 20 March 2006. Entry of judgment was already made in said case on 18 April 2006; hence, rendering said judgment final and executory. The repeated confirmation of the finding of probable cause against Samson, which this Court cannot now overturn, effectively and decisively determines the issues in this petition.

The findings of the Court of Appeals in CA-G.R. SP No. 79937, affirmed by this Court in G.R. No. 169199, have rendered the present petition moot and academic. It is a rule that is unanimously observed that courts of justice will take cognizance only of justiciable controversies wherein actual and not merely hypothetical issues are involved.²⁰ A case becomes moot and academic when there is no more actual controversy between the parties and no useful purpose can be served in passing upon the merits.²¹ Since this Court, in affirming the said Decision of the Court of Appeals, already found it imperative for the Chief State Prosecutor to re-file the Informations against Samson for unfair competition, Criminal Case No. MC02-5019 should be re-opened and heard by the Mandaluyong RTC. The rendering of a decision on the merits of this case would be of no practical value. Hence, this case is dismissible.²²

IN VIEW OF THE FOREGOING, the instant Petition is DENIED and the assailed Amended Decision of the Court of Appeals in CA-G.R. SP No. 80532, promulgated on 8 August 2005, is AFFIRMED WITH MODIFICATION. The Order of the Court of Appeals in C.A.-G.R. SP No. 80532 directing Branch 211 of the Mandaluyong Regional Trial Court to conduct an independent assessment is REVERSED. This Court ORDERS Branch 211 of the Mandaluyong Regional Trial Court to re-open and hear Criminal Case No. MC02-5019. Costs against the petitioner.

SO ORDERED.

Ynares-Santiago, Chairperson, Austria-Martinez, Nachura, Reyes, JJ., concur.

Footnotes:

¹ Penned by Associate Justice Andres B. Reyes, Jr. with Associate Justices Lucas P. Bersamin and Celia C. Librea-Leagogo, concurring. Rollo, pp. 33-39.

² Id. at 132-143.

³ Id. at 15.

⁴ Id. at 260.

⁵ Id. at 47-48.

⁶ Id. at 81.

⁷ Id. at 106.

⁸ Id. at 80-103.

⁹ Id. at 104-108.

¹⁰ Id. at 138.

¹¹ Id. at 111.

¹² Id. at 112.

¹³ Id. at 140-142.

¹⁴ Id. at 35-38.

¹⁵ Id. at 38.

¹⁶ Id. at 19-20.

¹⁷ Id. at 206-214.

¹⁸ 422 Phil. 72 (2001).

¹⁹ Rollo, p. 99.

²⁰ Jaafar v. Commission on Elections, 364 Phil. 322, 328 (1999).

²¹ Tantoy, Sr. v. Abrogar, G.R. No. 156128, 9 May 2005, 458 SCRA 301, 305.

²² Malaluan v. Commission on Elections, 324 Phil. 676, 681 (1996); Garcia v. Commission on Elections, 328 Phil. 288, 291 (1996).