

Republic of the Philippines
SUPREME COURT
Manila

FIRST DIVISION

TANDUAY DISTILLERS, INC.,
Petitioner,

G.R. NO. 164324

- versus -

GINEBRA SAN MIGUEL, INC.,
RESPONDENT.

PROMULGATED:
AUGUST 14, 2009

CARPIO, J.:

The Case

TANDUAY DISTILLERS, INC. (TANDUAY) FILED THIS PETITION FOR REVIEW ON CERTIORARI^[1] ASSAILING THE COURT OF APPEALS' DECISION DATED 9 JANUARY 2004^[2] AS WELL AS THE RESOLUTION DATED 2 JULY 2004^[3] IN CA-G.R. SP NO. 79655 DENYING THE MOTION FOR RECONSIDERATION. IN THE ASSAILED DECISION, THE COURT OF APPEALS (CA) AFFIRMED THE REGIONAL TRIAL COURT'S ORDERS^[4] DATED 23 SEPTEMBER 2003 AND 17 OCTOBER 2003 WHICH RESPECTIVELY GRANTED GINEBRA SAN MIGUEL, INC.'S (SAN MIGUEL) PRAYER FOR THE ISSUANCE OF A TEMPORARY RESTRAINING ORDER (TRO) AND WRIT OF PRELIMINARY INJUNCTION. THE REGIONAL TRIAL COURT OF MANDALUYONG CITY, BRANCH 214 (TRIAL COURT), ENJOINED TANDUAY "FROM COMMITTING THE ACTS COMPLAINED OF, AND, SPECIFICALLY, TO CEASE AND DESIST FROM MANUFACTURING, DISTRIBUTING, SELLING, OFFERING FOR SALE, ADVERTISING, OR OTHERWISE USING IN COMMERCE THE MARK "GINEBRA," AND MANUFACTURING, PRODUCING, DISTRIBUTING, OR OTHERWISE DEALING IN GIN PRODUCTS WHICH HAVE THE GENERAL APPEARANCE OF, AND WHICH ARE CONFUSINGLY SIMILAR WITH," SAN MIGUEL'S MARKS, BOTTLE DESIGN, AND LABEL FOR ITS GIN PRODUCTS.^[5]

THE FACTS

Tanduay, a corporation organized and existing under Philippine laws, has been engaged in the liquor business since 1854. In 2002, Tanduary developed a new gin product distinguished by its sweet smell, smooth taste, and affordable price. Tanduary claims that it engaged the services of an advertising firm to develop a brand name and a label for its new gin product. The brand name eventually chosen was "Ginebra Kapitan" with the representation of a revolutionary *Kapitan* on horseback as the dominant feature of its label. Tanduary points out that the label design of "Ginebra Kapitan" in terms of color scheme, size and arrangement of text, and other label features were precisely selected to distinguish it from the leading gin brand in the Philippine market, "Ginebra San Miguel." Tanduary also states that the "Ginebra Kapitan" bottle uses a resealable twist cap to distinguish it from "Ginebra San Miguel" and other local gin products with bottles which use the crown cap or *tansan*.^[6]

AFTER FILING THE TRADEMARK APPLICATION FOR "GINEBRA KAPITAN" WITH THE INTELLECTUAL PROPERTY OFFICE (IPO) AND AFTER SECURING THE APPROVAL OF THE PERMIT TO MANUFACTURE AND SELL "GINEBRA KAPITAN" FROM THE BUREAU OF INTERNAL REVENUE, TANDUAY BEGAN SELLING "GINEBRA KAPITAN" IN NORTHERN AND SOUTHERN LUZON AREAS IN MAY 2003. IN JUNE 2003, "GINEBRA KAPITAN" WAS ALSO LAUNCHED IN METRO MANILA.^[7]

ON 13 AUGUST 2003, TANDUAY RECEIVED A LETTER FROM SAN MIGUEL'S COUNSEL. THE LETTER INFORMED TANDUAY TO IMMEDIATELY CEASE AND DESIST FROM USING THE MARK "GINEBRA" AND FROM COMMITTING ACTS THAT VIOLATE SAN MIGUEL'S INTELLECTUAL PROPERTY RIGHTS.^[8]

ON 15 AUGUST 2003, SAN MIGUEL FILED A COMPLAINT FOR TRADEMARK INFRINGEMENT, UNFAIR COMPETITION AND DAMAGES, WITH APPLICATIONS FOR ISSUANCE OF TRO AND WRIT OF PRELIMINARY INJUNCTION AGAINST TANDUAY BEFORE THE REGIONAL TRIAL COURT OF MANDALUYONG. THE CASE WAS RAFFLED TO BRANCH 214 AND DOCKETED AS IP CASE NO. MC-03-01 AND CIVIL CASE NO. MC-03-073.^[9]

ON 25 AND 29 AUGUST AND 4 SEPTEMBER 2003, THE TRIAL COURT CONDUCTED HEARINGS ON THE TRO. SAN MIGUEL SUBMITTED FIVE AFFIDAVITS, BUT ONLY ONE AFFIANT, MERCEDES ABAD, WAS PRESENTED FOR CROSS-EXAMINATION BECAUSE THE TRIAL COURT RULED THAT SUCH EXAMINATION WOULD BE INCONSISTENT WITH THE SUMMARY NATURE OF A TRO HEARING.^[10] SAN MIGUEL SUBMITTED THE FOLLOWING PIECES OF EVIDENCE:^[11]

1. AFFIDAVIT OF MERCEDES ABAD, PRESIDENT AND MANAGING DIRECTOR OF THE RESEARCH FIRM NFO TRENDS, INC. (NFO TRENDS), TO PRESENT, AMONG OTHERS, MARKET SURVEY RESULTS WHICH PROVE THAT GIN DRINKERS ASSOCIATE THE TERM "GINEBRA" WITH SAN MIGUEL, AND THAT THE CONSUMING PUBLIC IS BEING MISLED THAT "GINEBRA KAPITAN" IS A PRODUCT OF SAN MIGUEL;

2. MARKET SURVEY RESULTS CONDUCTED BY NFO TRENDS TO DETERMINE THE BRAND ASSOCIATIONS OF THE MARK "GINEBRA" AND TO PROVE THAT THE CONSUMING PUBLIC IS CONFUSED AS TO THE MANUFACTURER OF "GINEBRA KAPITAN";

3. AFFIDAVIT OF RAMON CRUZ, SAN MIGUEL'S GROUP PRODUCT MANAGER, TO PROVE, AMONG OTHERS, THE PRIOR RIGHT OF SAN MIGUEL TO THE MARK "GINEBRA" AS SHOWN IN VARIOUS APPLICATIONS FOR, AND REGISTRATIONS OF, TRADEMARKS THAT CONTAIN THE MARK "GINEBRA." HIS AFFIDAVIT INCLUDED DOCUMENTS SHOWING THAT THE MARK "GINEBRA" HAS BEEN USED ON SAN MIGUEL'S GIN PRODUCTS SINCE 1834;

4. AFFIDAVITS OF LEOPOLDO GUANZON, JR., SAN MIGUEL'S TRADE AND PROMO MERCHANDISING HEAD FOR NORTH LUZON AREA, AND JUDERICK CRESCINI, SAN MIGUEL'S DISTRICT SALES SUPERVISOR FOR SOUTH LUZON-EAST AREA, TO PROVE, AMONG OTHERS, THAT TANDUAY'S SALESMEN OR DISTRIBUTORS MISREPRESENT "GINEBRA KAPITAN" AS SAN MIGUEL'S PRODUCT AND THAT NUMEROUS RETAILERS OF SAN MIGUEL'S GIN PRODUCTS ARE CONFUSED AS TO THE MANUFACTURER OF "GINEBRA KAPITAN"; AND

5. AFFIDAVIT OF JOSE REGINALD PASCUAL, SAN MIGUEL'S DISTRICT SALES SUPERVISOR FOR THE NORTH-GREATER MANILA AREA, TO PROVE, AMONG OTHERS, THAT GIN DRINKERS CONFUSE SAN MIGUEL TO BE THE MANUFACTURER OF "GINEBRA KAPITAN" DUE TO THE USE OF THE DOMINANT FEATURE "GINEBRA."

Tanduay filed a Motion to Strike Out Hearsay Affidavits and Evidence, which motion was denied by the trial court. Tanduay presented witnesses who affirmed their affidavits in open court, as follows:^[12]

1. RAMONCITO BUGIA, GENERAL SERVICES MANAGER OF TANDUAY. ATTACHED TO HIS AFFIDAVIT WERE VARIOUS CERTIFICATES OF REGISTRATION OF TRADEMARKS CONTAINING THE WORD "GINEBRA" OBTAINED BY TANDUAY AND OTHER LIQUOR COMPANIES, TO PROVE THAT THE WORD "GINEBRA" IS REQUIRED TO BE DISCLAIMED BY THE IPO. THE AFFIDAVIT ALSO ATTESTED THAT THERE ARE OTHER LIQUOR COMPANIES USING THE WORD "GINEBRA" AS PART OF THEIR TRADEMARKS FOR GIN PRODUCTS ASIDE FROM SAN MIGUEL AND TANDUAY.

2. HERBERT ROSALES, VICE PRESIDENT OF J. SALCEDO AND ASSOCIATES, INC., THE ADVERTISING AND PROMOTIONS COMPANY HIRED BY TANDUAY TO DESIGN THE LABEL OF "GINEBRA KAPITAN." HIS AFFIDAVIT ATTESTED THAT THE LABEL WAS DESIGNED TO MAKE IT "LOOK ABSOLUTELY DIFFERENT FROM THE GINEBRA SAN MIGUEL LABEL."

ON 23 SEPTEMBER 2003, THE TRIAL COURT ISSUED A TRO PROHIBITING TANDUAY FROM MANUFACTURING, SELLING AND ADVERTISING "GINEBRA KAPITAN."^[13] THE DISPOSITIVE PORTION READS IN PART:

WHEREFORE, the application for temporary restraining order is hereby GRANTED and made effective immediately. Plaintiff is directed to post a bond of ONE MILLION PESOS (Php 1,000,000.00) within five (5) days from issuance hereof, otherwise, this restraining order shall lose its efficacy. Accordingly, defendant Tanduay Distillers, Inc., and all persons and agents acting for and in behalf are enjoined to cease and desist from manufacturing, distributing, selling, offering for sale and/or advertising or otherwise using in commerce the mark "GINEBRA KAPITAN" which employs, thereon, or in the wrappings, sundry items, cartons and packages thereof, the mark "GINEBRA" as well as from using the bottle design and labels for its gin products during the effectivity of this temporary restraining order unless a contrary order is issued by this Court.^[14]

On 3 October 2003, Tanduay filed a petition for certiorari with the CA.^[15] Despite Tanduay's Urgent Motion to Defer Injunction Hearing, the trial court continued to conduct hearings on 8, 9, 13 and 14 October 2003 for Tanduay to show cause why no writ of preliminary injunction should be issued.^[16] On 17 October 2003, the trial court granted San Miguel's application for the issuance of a writ of preliminary injunction.^[17] The dispositive portion of the Order reads:

WHEREFORE, the plaintiff's application for a writ of preliminary injunction is GRANTED. Upon plaintiff's filing of an injunctive bond executed to the defendant in the amount of ₱20,000,000.00 (TWENTY MILLION) PESOS, let a Writ of Preliminary Injunction issue enjoining the defendant, its employees, agents, representatives, dealers, retailers or assigns, and any all persons acting on its behalf, from committing the acts complained of, and, specifically, to cease and desist from manufacturing, distributing, selling, offering for sale, advertising, or otherwise using in commerce the mark "GINEBRA", and manufacturing, producing, distributing or otherwise dealing in gin products which have the general appearance of, and which are confusingly similar with, plaintiff's marks, bottle design and label for its gin products.

SO ORDERED.^[18]

On 22 October 2003, Tanduay filed a supplemental petition in the CA assailing the injunction order. On 10 November 2003, the CA issued a TRO enjoining the trial court from implementing its injunction order and from further proceeding with the case.^[19] On 23 December 2003, the CA issued a resolution directing the parties to appear for a hearing on 6 January 2004 to determine the need for the issuance of a writ of preliminary injunction.^[20]

ON 9 JANUARY 2004, THE CA RENDERED A DECISION DISMISSING TANDUAY'S PETITION AND SUPPLEMENTAL PETITION. ON 28 JANUARY 2004, TANDUAY MOVED FOR RECONSIDERATION WHICH WAS DENIED IN A RESOLUTION DATED 2 JULY 2004.^[21]

AGGRIEVED BY THE DECISION DISMISSING THE PETITION AND SUPPLEMENTAL PETITION AND BY THE RESOLUTION DENYING THE MOTION FOR RECONSIDERATION, TANDUAY ELEVATED THE CASE BEFORE THIS COURT.

THE TRIAL COURT'S ORDERS

In the Order dated 23 September 2003, the trial court stated that during the hearings conducted on 25 and 29 August and on 4 and 11 September 2003, the following facts have been established:

1. SAN MIGUEL HAS REGISTERED THE TRADEMARK "GINEBRA SAN MIGUEL";
2. THERE IS A CLOSE RESEMBLANCE BETWEEN "GINEBRA SAN MIGUEL" AND "GINEBRA KAPITAN";
3. THE CLOSE SIMILARITY BETWEEN "GINEBRA SAN MIGUEL" AND "GINEBRA KAPITAN" MAY GIVE RISE TO CONFUSION OF GOODS SINCE SAN MIGUEL AND TANDUAY ARE COMPETITORS IN THE BUSINESS OF MANUFACTURING AND SELLING LIQUORS; AND "GINEBRA," WHICH IS A WELL-KNOWN TRADEMARK, WAS ADOPTED BY TANDUAY TO BENEFIT FROM THE REPUTATION AND ADVERTISEMENT OF THE ORIGINATOR OF THE MARK "GINEBRA SAN MIGUEL," AND TO CONVEY TO THE PUBLIC THE IMPRESSION OF SOME SUPPOSED CONNECTION BETWEEN THE MANUFACTURER OF THE GIN PRODUCT SOLD UNDER THE NAME "GINEBRA SAN MIGUEL" AND THE NEW GIN PRODUCT "GINEBRA KAPITAN."^[22]

Based on these facts, the trial court concluded that San Miguel had demonstrated a clear, positive, and existing right to be protected by a TRO. Otherwise, San Miguel would suffer irreparable injury if infringement would not be enjoined. Hence, the trial court granted the application for a TRO and set the hearing for preliminary injunction.^[23]

IN THE ORDER DATED 17 OCTOBER 2003, THE TRIAL COURT GRANTED THE APPLICATION FOR A WRIT OF PRELIMINARY INJUNCTION. THE TRIAL COURT RULED THAT WHILE A CORPORATION ACQUIRES A TRADE NAME FOR ITS PRODUCT BY CHOICE, IT SHOULD NOT SELECT A NAME THAT IS CONFUSINGLY SIMILAR TO ANY OTHER NAME ALREADY PROTECTED BY LAW OR IS PATENTLY DECEPTIVE, CONFUSING, OR CONTRARY TO EXISTING LAW.^[24]

THE TRIAL COURT POINTED OUT THAT SAN MIGUEL AND ITS PREDECESSORS HAVE CONTINUOUSLY USED "GINEBRA" AS THE DOMINANT FEATURE OF ITS GIN PRODUCTS SINCE 1834. ON THE OTHER HAND, TANDUAY FILED ITS TRADEMARK APPLICATION FOR "GINEBRA KAPITAN" ONLY ON 7 JANUARY 2003. THE TRIAL COURT DECLARED THAT SAN MIGUEL IS THE PRIOR USER AND REGISTRANT OF "GINEBRA" WHICH HAS BECOME CLOSELY ASSOCIATED TO ALL OF SAN MIGUEL'S GIN PRODUCTS, THEREBY GAINING POPULARITY AND GOODWILL FROM SUCH NAME.^[25]

THE TRIAL COURT NOTED THAT WHILE THE SUBJECT TRADEMARKS ARE NOT IDENTICAL, IT IS OBVIOUSLY CLEAR THAT THE WORD "GINEBRA" IS THE DOMINANT FEATURE IN THE TRADEMARKS. THE TRIAL COURT STATED THAT THERE IS A STRONG INDICATION THAT CONFUSION IS LIKELY TO OCCUR SINCE ONE WOULD INEVITABLY BE

LED TO CONCLUDE THAT BOTH PRODUCTS ARE AFFILIATED WITH SAN MIGUEL DUE TO THE DISTINCTIVE MARK "GINEBRA" WHICH IS READILY IDENTIFIED WITH SAN MIGUEL. THE TRIAL COURT CONCLUDED THAT ORDINARY PURCHASERS WOULD NOT EXAMINE THE LETTERINGS OR FEATURES PRINTED ON THE LABEL BUT WOULD SIMPLY BE GUIDED BY THE PRESENCE OF THE DOMINANT MARK "GINEBRA." ANY DIFFERENCE WOULD PALE IN SIGNIFICANCE IN THE FACE OF EVIDENT SIMILARITIES IN THE DOMINANT FEATURES AND OVERALL APPEARANCE OF THE PRODUCTS. THE TRIAL COURT EMPHASIZED THAT THE DETERMINATIVE FACTOR WAS WHETHER THE USE OF SUCH MARK WOULD LIKELY CAUSE CONFUSION ON THE PART OF THE BUYING PUBLIC, AND NOT WHETHER IT WOULD ACTUALLY CAUSE CONFUSION ON THE PART OF THE PURCHASERS. THUS, TANDUAY'S CHOICE OF "GINEBRA" AS PART OF THE TRADEMARK OF "GINEBRA KAPITAN" TENDED TO SHOW TANDUAY'S INTENTION TO RIDE ON THE POPULARITY AND ESTABLISHED GOODWILL OF "GINEBRA SAN MIGUEL."^[26]

THE TRIAL COURT HELD THAT TO CONSTITUTE TRADEMARK INFRINGEMENT, IT WAS NOT NECESSARY THAT EVERY WORD SHOULD BE APPROPRIATED; IT WAS SUFFICIENT THAT ENOUGH BE TAKEN TO DECEIVE THE PUBLIC IN THE PURCHASE OF A PROTECTED ARTICLE.^[27]

THE TRIAL COURT CONCEDED TO TANDUAY'S ASSERTION THAT THE TERM "GINEBRA" IS A GENERIC WORD; HENCE, IT IS NON-REGISTRABLE BECAUSE GENERIC WORDS ARE BY LAW FREE FOR ALL TO USE. HOWEVER, THE TRIAL COURT RELIED ON THE PRINCIPLE THAT EVEN IF A WORD IS INCAPABLE OF APPROPRIATION AS A TRADEMARK, THE WORD MAY STILL ACQUIRE A PROPRIETARY CONNOTATION THROUGH LONG AND EXCLUSIVE USE BY A BUSINESS ENTITY WITH REFERENCE TO ITS PRODUCTS. THE PURCHASING PUBLIC WOULD ASSOCIATE THE WORD TO THE PRODUCTS OF A BUSINESS ENTITY. THE WORD THUS ASSOCIATED WOULD BE ENTITLED TO PROTECTION AGAINST INFRINGEMENT AND UNFAIR COMPETITION. THE TRIAL COURT HELD THAT THIS PRINCIPLE COULD BE MADE TO APPLY TO THIS CASE BECAUSE SAN MIGUEL HAS SHOWN THAT IT HAS ESTABLISHED GOODWILL OF CONSIDERABLE VALUE, SUCH THAT ITS GIN PRODUCTS HAVE ACQUIRED A WELL-KNOWN REPUTATION AS JUST "GINEBRA." IN ESSENCE, THE WORD "GINEBRA" HAS BECOME A POPULAR BY-WORD AMONG THE CONSUMERS AND THEY HAD CLOSELY ASSOCIATED IT WITH SAN MIGUEL.^[28]

ON THE OTHER HAND, THE TRIAL COURT HELD THAT TANDUAY FAILED TO SUBSTANTIATE ITS CLAIM AGAINST THE ISSUANCE OF THE INJUNCTIVE RELIEF.^[29]

THE RULING OF THE COURT OF APPEALS

In resolving the petition and supplemental petition, the CA stated that it is constrained to limit itself to the determination of whether the TRO and the writ of preliminary injunction were issued by the trial court with grave abuse of discretion amounting to lack of jurisdiction.^[30]

TO WARRANT THE ISSUANCE OF A TRO, THE CA RULED THAT THE AFFIDAVITS OF SAN MIGUEL'S WITNESSES AND THE FACT THAT THE REGISTERED TRADEMARK "GINEBRA SAN MIGUEL" EXISTS ARE ENOUGH TO MAKE A FINDING THAT SAN MIGUEL HAS A CLEAR AND UNMISTAKABLE RIGHT TO PREVENT IRREPARABLE INJURY BECAUSE GIN DRINKERS CONFUSE SAN MIGUEL TO BE THE MANUFACTURER OF "GINEBRA KAPITAN."^[31]

THE CA ENUMERATED THE REQUISITES FOR AN INJUNCTION: (1) THERE MUST BE A RIGHT *IN ESSE* OR THE EXISTENCE OF A RIGHT TO BE PROTECTED AND (2) THE ACT AGAINST WHICH THE INJUNCTION IS TO BE DIRECTED IS A VIOLATION OF SUCH RIGHT. THE CA STATED THAT THE TRADEMARKS "GINEBRA SAN MIGUEL" AND "GINEBRA KAPITAN" ARE NOT IDENTICAL, BUT IT IS CLEAR THAT THE WORD "GINEBRA" IS THE DOMINANT FEATURE IN BOTH TRADEMARKS. THERE WAS A STRONG INDICATION THAT

CONFUSION WAS LIKELY TO OCCUR. ONE WOULD BE LED TO CONCLUDE THAT BOTH PRODUCTS ARE AFFILIATED WITH SAN MIGUEL BECAUSE THE DISTINCTIVE MARK "GINEBRA" IS IDENTIFIED WITH SAN MIGUEL. IT IS THE MARK WHICH DRAWS THE ATTENTION OF THE BUYER AND LEADS HIM TO CONCLUDE THAT THE GOODS ORIGINATED FROM THE SAME MANUFACTURER.^[32]

THE CA OBSERVED THAT THE GIN PRODUCTS OF "GINEBRA SAN MIGUEL" AND "GINEBRA KAPITAN" POSSESS THE SAME PHYSICAL ATTRIBUTES WITH REFERENCE TO THEIR FORM, COMPOSITION, TEXTURE, OR QUALITY. THE CA UPHELD THE TRIAL COURT'S RULING THAT SAN MIGUEL HAS SUFFICIENTLY ESTABLISHED ITS RIGHT TO PRIOR USE AND REGISTRATION OF THE MARK "GINEBRA" AS A DOMINANT FEATURE OF ITS TRADEMARK. "GINEBRA" HAS BEEN IDENTIFIED WITH SAN MIGUEL'S GOODS, THEREBY, IT ACQUIRED A RIGHT IN SUCH MARK, AND IF ANOTHER INFRINGED THE TRADEMARK, SAN MIGUEL COULD INVOKE ITS PROPERTY RIGHT.^[33]

The Issue

The central question for resolution is whether San Miguel is entitled to the writ of preliminary injunction granted by the trial court as affirmed by the CA. For this reason, we shall deal only with the questioned writ and not with the merits of the case pending before the trial court.

The Ruling of the Court

Clear and Unmistakable Right

SECTION 1, RULE 58 OF THE RULES OF COURT DEFINES A PRELIMINARY INJUNCTION AS AN ORDER GRANTED AT ANY STAGE OF A PROCEEDING PRIOR TO THE JUDGMENT OR FINAL ORDER, REQUIRING A PARTY OR A COURT, AGENCY, OR A PERSON TO REFRAIN FROM A PARTICULAR ACT OR ACTS.

A PRELIMINARY INJUNCTION IS A PROVISIONAL REMEDY FOR THE PROTECTION OF SUBSTANTIVE RIGHTS AND INTERESTS. IT IS NOT A CAUSE OF ACTION IN ITSELF BUT MERELY AN ADJUNCT TO THE MAIN CASE. ITS OBJECTIVE IS TO PREVENT A THREATENED OR CONTINUOUS IRREPARABLE INJURY TO SOME OF THE PARTIES BEFORE THEIR CLAIMS CAN BE THOROUGHLY INVESTIGATED AND ADVISEDLY ADJUDICATED. IT IS RESORTED TO ONLY WHEN THERE IS A PRESSING NEED TO AVOID INJURIOUS CONSEQUENCES WHICH CANNOT BE REMEDIED UNDER ANY STANDARD COMPENSATION.^[34]

Section 3, Rule 58 of the Rules of Court provides:

SECTION 3. GROUNDS FOR ISSUANCE OF A WRIT OF PRELIMINARY INJUNCTION.—A PRELIMINARY INJUNCTION MAY BE GRANTED WHEN IT IS ESTABLISHED:

(a) That the applicant is entitled to the relief demanded, and the whole or part of such relief consists in restraining the commission or continuance of the act or acts complained of, or in requiring the performance of an act or acts, either for a limited period or perpetually;

(b) That the commission, continuance or non-performance of the act or acts complained of during the litigation would probably work injustice to the applicant; or

(c) That a party, court, agency or a person is doing, threatening, or is attempting to do, or is procuring or suffering to be done, some act or acts probably in violation of the rights of the applicant respecting the subject of the action or proceeding, and tending to render the judgment ineffectual.

Before an injunctive writ is issued, it is essential that the following requisites are present: (1) the existence of a right to be protected and (2) the acts against which the injunction is directed are violative of the right. The *onus probandi* is on the movant to show that the invasion of the right sought to be protected is material and substantial, that the right of the movant is clear and unmistakable, and that there is an urgent and paramount necessity for the writ to prevent serious damage.^[35]

San Miguel claims that the requisites for the valid issuance of a writ of preliminary injunction were clearly established. The clear and unmistakable right to the exclusive use of the mark "Ginebra" was proven through the continuous use of "Ginebra" in the manufacture, distribution, marketing and sale of gin products throughout the Philippines since 1834. To the gin-drinking public, the word "Ginebra" does not simply indicate a kind of beverage; it is now synonymous with San Miguel's gin products.^[36]

San Miguel contends that "Ginebra" can be appropriated as a trademark, and there was no error in the trial court's provisional ruling based on the evidence on record. Assuming that "Ginebra" is a generic word which is proscribed to be registered as a trademark under Section 123.1(h)^[37] of Republic Act No. 8293 or the Intellectual Property Code (IP Code),^[38] it can still be appropriated and registered as a trademark under Section 123.1(j)^[39] in relation to Section 123.2^[40] of the IP Code, considering that "Ginebra" is also a mark which designates the kind of goods produced by San Miguel.^[41] San Miguel alleges that although "Ginebra," the Spanish word for "gin," may be a term originally incapable of exclusive appropriation, jurisprudence dictates that the mark has become distinctive of San Miguel's products due to its substantially exclusive and continuous use as the dominant feature of San Miguel's trademarks since 1834. Hence, San Miguel is entitled to a finding that the mark is deemed to have acquired a secondary meaning.^[42] San Miguel states that Tanduy failed to present any evidence to disprove its claims; thus, there is no basis to set aside the grant of the TRO and writ of preliminary injunction.^[43]

San Miguel states that its disclaimer of the word "Ginebra" in some of its registered marks is without prejudice to, and did not affect, its existing or future rights over "Ginebra," especially since "Ginebra" has demonstrably become distinctive of San Miguel's products.^[44] San Miguel adds that it did not disclaim "Ginebra" in all of its trademark registrations and applications like its registration for "Ginebra Cruz de Oro," "Ginebra Ka Miguel," "Ginebra San Miguel" bottle, "Ginebra San Miguel," and "Barangay Ginebra."^[45]

Tanduy asserts that not one of the requisites for the valid issuance of a preliminary injunction is present in this case. Tanduy argues that San Miguel cannot claim the exclusive right to use the generic word "Ginebra" for its gin products based on its registration of the composite marks "Ginebra San Miguel," "Ginebra S. Miguel 65," and "La Tondeña Cliq! Ginebra Mix," because in all of these registrations, San Miguel disclaimed any exclusive right to use the non-registrable word "Ginebra" for gin products.^[46] Tanduy explains that the word "Ginebra," which is disclaimed by San Miguel in all of its registered trademarks, is an unregistrable component of the composite mark "Ginebra San Miguel." Tanduy argues that this disclaimer further means that San Miguel does not have an exclusive right to the generic word "Ginebra."^[47] Tanduy states that the word "Ginebra" does not indicate the source of the product, but it is merely descriptive of the name of the product itself and not the manufacturer thereof.^[48]

Tanduy submits that it has been producing gin products under the brand names Ginebra 65, Ginebra Matador, and Ginebra Toro without any complaint from San Miguel. Tanduy alleges that San Miguel has not filed any complaint against other liquor companies which use "Ginebra" as part of their brand names such as Ginebra Pinoy, a registered trademark of Webengton Distillery; Ginebra Presidente and Ginebra Luzon as registered trademarks of Washington

Distillery, Inc.; and Ginebra Lucky Nine and Ginebra Santiago as registered trademarks of Distileria Limtuaco & Co., Inc.^[49] Tanduay claims that the existence of these products, the use and registration of the word “Ginebra” by other companies as part of their trademarks belie San Miguel’s claim that it has been the exclusive user of the trademark containing the word “Ginebra” since 1834.

Tanduay argues that before a court can issue a writ of preliminary injunction, it is imperative that San Miguel must establish a clear and unmistakable right that is entitled to protection. San Miguel’s alleged exclusive right to use the generic word “Ginebra” is far from clear and unmistakable. Tanduay claims that the injunction issued by the trial court was based on its premature conclusion that “Ginebra Kapitan” infringes “Ginebra San Miguel.”^[50]

In *Levi Strauss & Co. v. Clinton Apparelle, Inc.*,^[51] we held:

While the matter of the issuance of a writ of preliminary injunction is addressed to the sound discretion of the trial court, this discretion must be exercised based upon the grounds and in the manner provided by law. The exercise of discretion by the trial court in injunctive matters is generally not interfered with save in cases of manifest abuse. And to determine whether there was grave abuse of discretion, a scrutiny must be made of the bases, if any, considered by the trial court in granting injunctive relief. Be it stressed that injunction is the strong arm of equity which must be issued with great caution and deliberation, and only in cases of great injury where there is no commensurate remedy in damages.^[52]

The CA upheld the trial court’s ruling that San Miguel has sufficiently established its right to prior use and registration of the word “Ginebra” as a dominant feature of its trademark. The CA ruled that based on San Miguel’s extensive, continuous, and substantially exclusive use of the word “Ginebra,” it has become distinctive of San Miguel’s gin products; thus, a clear and unmistakable right was shown.

We hold that the CA committed a reversible error. The issue in the main case is San Miguel’s right to the exclusive use of the mark “Ginebra.” The two trademarks “Ginebra San Miguel” and “Ginebra Kapitan” apparently differ when taken as a whole, but according to San Miguel, Tanduay appropriates the word “Ginebra” which is a dominant feature of San Miguel’s mark.

It is not evident whether San Miguel has the right to prevent other business entities from using the word “Ginebra.” It is not settled (1) whether “Ginebra” is indeed the dominant feature of the trademarks, (2) whether it is a generic word that as a matter of law cannot be appropriated, or (3) whether it is merely a descriptive word that may be appropriated based on the fact that it has acquired a secondary meaning.

The issue that must be resolved by the trial court is whether a word like “Ginebra” can acquire a secondary meaning for gin products so as to prohibit the use of the word “Ginebra” by other gin manufacturers or sellers. This boils down to whether the word “Ginebra” is a generic mark that is incapable of appropriation by gin manufacturers.

In *Asia Brewery, Inc. v. Court of Appeals*,^[53] the Court ruled that “pale pilsen” are generic words, “pale” being the actual name of the color and “pilsen” being the type of beer, a light bohemian beer with a strong hops flavor that originated in Pilsen City in Czechoslovakia and became famous in the Middle Ages, and hence incapable of appropriation by any beer manufacturer.^[54] Moreover, Section 123.1(h) of the IP Code states that a mark cannot be registered if it “consists exclusively of signs that are generic for the goods or services that they seek to identify.”

In this case, a cloud of doubt exists over San Miguel's exclusive right relating to the word "Ginebra." San Miguel's claim to the exclusive use of the word "Ginebra" is clearly still in dispute because of Tanduay's claim that it has, as others have, also registered the word "Ginebra" for its gin products. This issue can be resolved only after a full-blown trial.

In *Ong Ching Kian Chuan v. Court of Appeals*,^[55] we held that in the absence of proof of a legal right and the injury sustained by the movant, the trial court's order granting the issuance of an injunctive writ will be set aside, for having been issued with grave abuse of discretion.

We find that San Miguel's right to injunctive relief has not been clearly and unmistakably demonstrated. The right to the exclusive use of the word "Ginebra" has yet to be determined in the main case. The trial court's grant of the writ of preliminary injunction in favor of San Miguel, despite the lack of a clear and unmistakable right on its part, constitutes grave abuse of discretion amounting to lack of jurisdiction.

Prejudging the Merits of the Case

Tanduay alleges that the CA, in upholding the issuance of the writ of preliminary injunction, has prejudged the merits of the case since nothing is left to be decided by the trial court except the amount of damages to be awarded to San Miguel.^[56]

San Miguel claims that neither the CA nor the trial court prejudged the merits of the case. San Miguel states that the CA did not rule on the ultimate correctness of the trial court's evaluation and appreciation of the evidence before it, but merely found that the assailed Orders of the trial court are supported by the evidence on record and that Tanduay was not denied due process.^[57] San Miguel argues that the CA only upheld the trial court's issuance of the TRO and writ of preliminary injunction upon a finding that there was sufficient evidence on record, as well as legal authorities, to warrant the trial court's preliminary findings of fact.^[58]

The instructive ruling in *Manila International Airport Authority v. Court of Appeals*^[59] states:

Considering the far-reaching effects of a writ of preliminary injunction, the trial court should have exercised more prudence and judiciousness in its issuance of the injunction order. We remind trial courts that while generally the grant of a writ of preliminary injunction rests on the sound discretion of the court taking cognizance of the case, *extreme caution must be observed in the exercise of such discretion*. The discretion of the court *a quo* to grant an injunctive writ must be exercised based on the grounds and in the manner provided by law. Thus, the Court declared in *Garcia v. Burgos*:

"It has been consistently held that there is no power the exercise of which is more delicate, which requires greater caution, deliberation and sound discretion, or more dangerous in a doubtful case, than the issuance of an injunction. It is the strong arm of equity that should never be extended unless to cases of great injury, where courts of law cannot afford an adequate or commensurate remedy in damages.

Every court should remember that an injunction is a limitation upon the freedom of action of the defendant and should not be granted lightly or precipitately. *It should be granted only when the court is fully satisfied that the law permits it and the emergency demands it.*" (Emphasis in the original)

WE BELIEVE THAT THE ISSUED WRIT OF PRELIMINARY INJUNCTION, IF ALLOWED, DISPOSES OF THE CASE ON THE MERITS AS IT EFFECTIVELY ENJOINS THE USE OF THE WORD "GINEBRA" WITHOUT THE BENEFIT OF A FULL-BLOWN TRIAL.

IN *RIVAS V. SECURITIES AND EXCHANGE COMMISSION*,^[60] WE RULED THAT COURTS SHOULD AVOID ISSUING A WRIT OF PRELIMINARY INJUNCTION WHICH WOULD IN EFFECT DISPOSE OF THE MAIN CASE WITHOUT TRIAL. THE ISSUANCE OF THE WRIT OF PRELIMINARY INJUNCTION HAD THE EFFECT OF GRANTING THE MAIN PRAYER OF THE COMPLAINT SUCH THAT THERE IS PRACTICALLY NOTHING LEFT FOR THE TRIAL COURT TO TRY EXCEPT THE PLAINTIFF'S CLAIM FOR DAMAGES.

Irreparable Injury

TANDUAY POINTS OUT THAT THE SUPPOSED DAMAGES THAT SAN MIGUEL WILL SUFFER AS A RESULT OF TANDUAY'S INFRINGEMENT OR UNFAIR COMPETITION CANNOT BE CONSIDERED IRREPARABLE BECAUSE THE DAMAGES ARE SUSCEPTIBLE OF MATHEMATICAL COMPUTATION. TANDUAY INVOKES SECTION 156.1 OF THE IP CODE^[61] AS THE BASIS FOR THE COMPUTATION OF DAMAGES.^[62]

SAN MIGUEL AVERS THAT IT STANDS TO SUFFER IRREPARABLE INJURY IF THE MANUFACTURE AND SALE OF TANDUAY'S "GINEBRA KAPITAN" ARE NOT ENJOINED. SAN MIGUEL CLAIMS THAT THE ROUGH ESTIMATE OF THE DAMAGES^[63] IT WOULD INCUR IS SIMPLY A GUIDE FOR THE TRIAL COURT IN COMPUTING THE APPROPRIATE DOCKET FEES. SAN MIGUEL ASSERTS THAT THE FULL EXTENT OF THE DAMAGE IT WOULD SUFFER IS DIFFICULT TO MEASURE WITH ANY REASONABLE ACCURACY BECAUSE IT HAS INVESTED HUNDREDS OF MILLIONS OVER A PERIOD OF 170 YEARS TO ESTABLISH GOODWILL AND REPUTATION NOW BEING ENJOYED BY THE "GINEBRA SAN MIGUEL" MARK.^[64] SAN MIGUEL REFUTES TANDUAY'S CLAIM THAT THE INJURY WHICH SAN MIGUEL STANDS TO SUFFER CAN BE MEASURED WITH REASONABLE ACCURACY AS THE LEGAL FORMULA TO DETERMINE SUCH INJURY IS PROVIDED IN SECTION 156.1 OF THE IP CODE. SAN MIGUEL REASONS THAT IF TANDUAY'S CLAIM IS UPHeld, THEN THERE WOULD NEVER BE A PROPER OCCASION TO ISSUE A WRIT OF PRELIMINARY INJUNCTION IN RELATION TO COMPLAINTS FOR INFRINGEMENT AND UNFAIR COMPETITION, AS THE INJURY WHICH THE OWNER OF THE MARK SUFFERS, OR STANDS TO SUFFER, WILL ALWAYS BE SUSCEPTIBLE OF MATHEMATICAL COMPUTATION.^[65]

IN *LEVI STRAUSS & CO. V. CLINTON APPARELLE, INC.*,^[66] THIS COURT UPHELD THE APPELLATE COURT'S RULING THAT THE DAMAGES LEVI STRAUSS & CO. HAD SUFFERED OR CONTINUES TO SUFFER MAY BE COMPENSATED IN TERMS OF MONETARY CONSIDERATION. THIS COURT, QUOTING *GOVERNMENT SERVICE INSURANCE SYSTEM V. FLORENDO*,^[67] HELD:

x x x a writ of injunction should never issue when an action for damages would adequately compensate the injuries caused. The very foundation of the jurisdiction to issue the writ of injunction rests in the probability of irreparable injury, inadequacy of pecuniary compensation and the prevention of the multiplicity of suits, and where facts are not shown to bring the case within these conditions, the relief of injunction should be refused.

Based on the affidavits and market survey report submitted during the injunction hearings, San Miguel has failed to prove the probability of irreparable injury which it will stand to suffer if the sale of "Ginebra Kapitan" is not enjoined. San Miguel has not presented proof of damages incapable of pecuniary estimation. At most, San Miguel only claims that it has invested hundreds of millions over a period of 170 years to establish goodwill and reputation now being enjoyed by the "Ginebra San Miguel" mark such that the full extent of the damage cannot be measured with reasonable accuracy. Without the submission of proof that the damage is irreparable and incapable of pecuniary estimation, San Miguel's claim cannot be the basis for a valid writ of preliminary injunction.

WHEREFORE, WE GRANT THE PETITION. WE SET ASIDE THE DECISION OF THE COURT OF APPEALS DATED 9 JANUARY 2004 AND THE RESOLUTION DATED 2 JULY

2004 IN CA-G.R. SP NO. 79655. WE DECLARE VOID THE ORDER DATED 17 OCTOBER 2003 AND THE CORRESPONDING WRIT OF PRELIMINARY INJUNCTION ISSUED BY BRANCH 214 OF THE REGIONAL TRIAL COURT OF MANDALUYONG CITY IN IP CASE NO. MC-03-01 AND CIVIL CASE NO. MC-03-073.

THE REGIONAL TRIAL COURT OF MANDALUYONG CITY, BRANCH 214, IS DIRECTED TO CONTINUE EXPEDITIOUSLY WITH THE TRIAL TO RESOLVE THE MERITS OF THE CASE.

SO ORDERED.

ANTONIO T. CARPIO
Associate Justice

WE CONCUR:

REYNATO S. PUNO
Chief Justice
Chairperson

RENATO C. CORONA
Associate Justice

TERESITA J. LEONARDO-DE CASTRO
Associate Justice

LUCAS P. BERSAMIN
Associate Justice

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, 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.

REYNATO S. PUNO
Chief Justice

FOOTNOTES:

^[1] Under Rule 45 of the Rules of Court.

^[2] PENNED BY ASSOCIATE JUSTICE ANDRES B. REYES, JR. WITH ASSOCIATE JUSTICES BUENAVENTURA J. GUERRERO AND ROSMARI D. CARANDANG, CONCURRING.

^[3] PENNED BY ASSOCIATE JUSTICE ANDRES B. REYES, JR. WITH ASSOCIATE JUSTICES BUENAVENTURA J. GUERRERO AND ROSMARI D. CARANDANG, CONCURRING.

^[4] PENNED BY JUDGE EDWIN D. SORONGON.

^[5] *ROLLO*, VOL. I, P. 541.

^[6] *Id.* at 12-15.

^[7] *Id.*

^[8] *Id.* at 16.

^[9] *Rollo*, Vol. I, pp. 16-18; *rollo*, Vol. II, p. 1028.

^[10] *Rollo*, Vol. II, p. 1029.

^[11] ID. AT 1029-1030.

^[12] *Rollo*, Vol. I, p. 20.

^[13] *Id.* at 19-21.

^[14] *Id.* at 227.

^[15] *Id.* at 21.

^[16] ID. AT 22.

^[17] ID. AT 25.

^[18] *Id.* at 541.

^[19] *Id.* at 25-26.

^[20] ID. AT 26.

^[21] *Id.* at 126, 132.

^[22]Id. at 226.

^[23]Id. at 226-227.

^[24]Id. at 538.

^[25]Id.

^[26]Id. at 538-539.

^[27]Id. at 539.

^[28]Id. at 540.

^[29]Id. at 541.

^[30]Id. at 103-104.

^[31]Id. at 111.

^[32]Id. at 124-125.

^[33]Id. at 125-126.

^[34]*Del Rosario v. Court of Appeals*, 325 Phil. 424, 431 (1996).

^[35]*Kho v. Court of Appeals*, 429 Phil. 140, 150 (2002).

^[36]*Rollo*, Vol. II, p. 1487.

^[37]Section 123. *Registrability*. - 123.1. A mark cannot be registered if it:

x x x

(H) CONSISTS EXCLUSIVELY OF SIGNS THAT ARE GENERIC FOR THE GOODS OR SERVICES THAT THEY SEEK TO IDENTIFY; X X X

^[38]AN ACT PRESCRIBING THE INTELLECTUAL PROPERTY CODE AND ESTABLISHING THE INTELLECTUAL PROPERTY OFFICE, PROVIDING FOR ITS POWERS AND FUNCTIONS, AND FOR OTHER PURPOSES. APPROVED ON 6 JUNE 1997 AND TOOK EFFECT ON 1 JANUARY 1998.

^[39]SECTION 123. *REGISTRABILITY*. - 123.1. A MARK CANNOT BE REGISTERED IF IT:

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;

^[40]Section 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 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.

^[41]*Rollo*, Vol. II, pp. 1444-1445.

^[42]Id. at 1448-1449.

^[43]Id. at 1449.

^[44]Id. at 1463-1464.

^[45]Id. at 1465-1466.

^[46]Id. at 1508, 1514, 1610, 1614, 1617, 1620.

San Miguel's Certificate of Registration No. 7484 for the mark "Ginebra San Miguel" says, "The word "Ginebra" is disclaimed apart from the mark as shown." Certificate of Registration No. 42568 for the trademark "Ginebra San Miguel" says: "Applicant disclaimed the word "Ginebra" apart from the mark as shown." Certificate of Registration No. 53688 for the mark "Ginebra S. Miguel 65" says: "The word Ginebra 65 is disclaimed." Certificate of Registration No. 4-1996-113597 for the mark "La Tondeña Cliq! Ginebra Mix & Stylized Letters Ltd. With crown device inside a rectangle" disclaimed the words "Ginebra Mix."

^[47]Id. at 1537.

^[48]Id. at 1579-1580.

^[49]Id. at 1510-1511.

^[50]Id. at 1581-1582.

^[51]G.R. No. 138900, 20 September 2005, 470 SCRA 236.

^[52]Id. at 253.

^[53]G.R. No. 103543, 5 July 1993, 224 SCRA 437, 448.

^[54]Id. at 449.

^[55]415 Phil. 365, 374-375 (2001).

^[56]*Rollo*, Vol. II, p. 1590.

^[57]Id. at 1497.

^[58]Id. at 1440.

^[59]445 Phil. 369, 383-384 (2003), citing *Gov. Garcia v. Hon. Burgos*, 353 Phil. 740 (1998).

^[60]G.R. No. 53772, 4 October 1990, 190 SCRA 295, 305.

^[61]Section 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.

^[62]*ROLLO*, VOL. II, PP. 1584-1585.

^[63]*Rollo*, Vol. I, p. 307.

SAN MIGUEL'S PRAYER IN THE COMPLAINT FILED WITH THE TRIAL COURT INCLUDES:

X X X

F. ORDERING THE DEFENDANT TO PAY PLAINTIFF:

I) DAMAGES IN EITHER THE AMOUNT EQUAL TO DOUBLE ALL PROFITS MADE OUT OF THE SALE AND DISTRIBUTION OF "GINEBRA KAPITAN" AND/OR OF DEFENDANT'S OTHER GIN PRODUCTS BEARING THE MARK "GINEBRA", THE REASONABLE PROFIT WHICH PLAINTIFF WOULD HAVE MADE HAD DEFENDANT NOT VIOLATED ITS INTELLECTUAL PROPERTY RIGHTS, OR A REASONABLE PERCENTAGE DETERMINED BY THIS HONORABLE COURT BASED UPON THE GROSS SALES OF DEFENDANT'S INFRINGING AND/OR

UNFAIRLY COMPETING PRODUCTS, AS WELL AS OTHER PECUNIARY LOSS, ESTIMATED TO BE AT LEAST ₱25,000,000.00.

II) EXEMPLARY DAMAGES IN AN AMOUNT NOT LESS THAN ₱75,000,000.00

III) ATTORNEY'S FEES AND EXPENSES OF LITIGATION IN AN AMOUNT NOT LESS THAN ₱1,000,000.00; AND
IV) COSTS OF SUITS.

^[64] ROLLO, VOL. II, PP. 1490-1491.

^[65] ID. AT 1494.

^[66] Supra note 51 at 256-257.

^[67] G.R. No. 48603, 29 September 1989, 178 SCRA 76, 87.