

REPUBLIC OF THE PHILIPPINES  
COURT OF APPEALS  
Manila

**FOURTH DIVISION**

LLOYD LABORATORIES, INC.,  
INNOGENPHARMA GROUP, INC. AND DR.  
LLOYD D. BALAJADIA,

CA-G.R. SP No. 134367

*Petitioners,*

**Members:**

- versus -

ABDULWAHID, H.S., *Chairperson,*  
BALTAZAR-PADILLA, P.J., *and*  
INTING, S.B., *JJ.*

HON. REYNALDO B. DAWAY, in his official  
capacity as Presiding Judge of the Regional  
Trial Court of Quezon City, Branch 90,  
PROHEALTH PHARMA PHILS., INC., and  
SPOUSES GENEROSO R. DEL CASTILLO, JR.  
and GRACE DEL CASTILLO,

Promulgated:

*Respondents.*

May 12, 2015

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

***ABDULWAHID, J.:***

Before us is a *petition for certiorari* with application for the issuance of temporary restraining order and writ of preliminary injunction, filed under Rule 65 of the Revised Rules of Civil Procedure, which seeks to annul and set aside the *Order*<sup>1</sup> dated January 15, 2014, of the Regional Trial Court (RTC), Branch 90, of Quezon City, in Civil Case No. Q-12-70610.

The instant petition arose from a *Complaint (With Application for Injunctive Reliefs)*<sup>2</sup> filed by private respondents Prohealth Pharma Phils., Inc. (Prohealth) and Spouses Generoso R. Del Castillo, Jr., and Grace Del Castillo against petitioners Lloyd Laboratories, Inc. (LLI), Innogenpharma Group, Inc., and Lloyd Balajadia, and other defendants. The *Complaint* was for Trademark Infringement, Unlawful Competition, Declaration of Nullity, Specific Performance and Damages with Application for Injunctive Reliefs.

The subject of the *Complaint* were certain pharmaceutical products, specifically the Nasatapp products, which were included among those manufactured and produced by LLI in favor of Prohealth under a

<sup>1</sup> Rollo, p. 28.

<sup>2</sup> Id. at 29-60.

Manufacturing Agreement<sup>3</sup> dated April 15, 2008, and a Supplement to Manufacturing Agreement<sup>4</sup> dated December 4, 2008. Prohealth claimed to be the original owner of the Nasatapp trademark, as evidenced by Certificate of Registration No. 4-2008-008754<sup>5</sup>. For purposes of the Manufacturing Agreements, LLI executed a P25,000,000.00 credit line in favor of Prohealth, which credit line was secured by a Real Estate Mortgage (REM)<sup>6</sup> over respondent Spouses Del Castillo's family home.

Private respondents averred that they were defrauded by petitioner Balajadia into signing a deed of Assignment of Registered Brand Name<sup>7</sup> over the Nasatapp tradename/trademark/servicemark. LLI, through Balajadia, had offered to grant Prohealth a restructured and increased credit line, to which the Spouses Del Castillo agreed, thinking that they could expand their business. Pursuant to the subsequent Memorandum of Agreement<sup>8</sup> (MOA) entered into by the parties, the Spouses Del Castillo executed more REMs over several other real properties as additional security for the increased credit line. Despite the fact that Balajadia deemed said properties sufficient as collaterals, since their cumulative market values exceeded the amount of the credit line, he still required the Spouses Del Castillo to include in the MOA as security their rights over the Nasatapp products and to sign the deed of Assignment of Registered Brand Name. The Spouses Del Castillo only signed the same upon Balajadia's assurance that the document was a mere added comfort to LLI that private respondents would fulfill their obligations under the MOA and that said document would not be used against Prohealth and the Spouses Del Castillo for any legal purpose unless the other securities became unavailable.

However, private respondents later learned that, shortly after the execution of the MOA and the Assignment of Registered Brand Name, LLI was able to transfer the registration of the Nasatapp trademark to their name and subsequently sold the same to Dyna Drug Corporation (Dyna Drug). Significantly, Dyna Drug had already previously offered to buy the Nasatapp products, along with other pharmaceutical products, from Prohealth, but the Spouses Del Castillo refused to sell the same since they could not agree on the terms of the sale. Not long after the Spouses Del Castillo rejected Dyna Drug's offer, Balajadia contacted the Spouses Del Castillo to finally formalize the MOA and to have them sign the deed of Assignment of Registered Brand Name.

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<sup>3</sup> Id. at 64-73.

<sup>4</sup> Id. at 74-76.

<sup>5</sup> Id. at 77-78.

<sup>6</sup> Id. at 79-81.

<sup>7</sup> Id. at 170-172.

<sup>8</sup> Id. at 111-119.

Despite repeated demands by private respondents, LLI and/or Dyna Drug did not cease and desist from further using and/or manufacturing the Nasatapp products, trademark and tradename, nor did LLI return any and all auxiliaries, packaging and other materials related to the manufacture of said products, as well as any finished products still in LLI's custody. Instead, subsequent to private respondents' unilateral termination of the Manufacturing Agreements between Prohealth and LLI, LLI served upon private respondents a series of demand letters informing them of their default and requiring them to settle their outstanding obligation. Otherwise, the REMs executed by the Spouses Del Castillo, including that constituted over their family home, would be foreclosed. Consequently, private respondents filed the instant *Complaint*.

In the course of the trial proceedings, private respondents, through counsel, filed a *Request for the issuance of Subpoena Duces Tecum and Subpoena Ad Testificandum*<sup>9</sup> dated June 13, 2013, addressed to Atty. Joan H. De Venecia and/or Atty. Barbara Anne E. Gandioco of Sycip Salazar Hernandez & Gatmaitan Law Office (SSHG Law), private respondent's previous counsel in the same case. Said *Request* prayed that Attys. De Venecia and/or Gandioco be required to appear before the RTC and to bring with them the original copies of the documents intended to be utilized as documentary evidence by private respondents in the application for TRO/writ of preliminary injunction. Accordingly, on June 13, 2013, the Branch Clerk of Court of the RTC issued the *Subpoena (Duces Tecum and Ad Testificandum)*<sup>10</sup>, requiring Attys. De Venecia and/or Gandioco of SSHG Law to appear during the hearing on June 21, 2013, with the original copies of the requested documents.

When neither Atty. De Venecia nor Atty. Gandioco appeared on the date and time stated in the subpoena, private respondents filed a *Motion to Explain in Writing*<sup>11</sup>, praying that the lawyers be directed to explain in writing their failure to appear, as well as a new *Request for the Issuance of Subpoena Duces Tecum and Subpoena Ad Testificandum*<sup>12</sup>, both dated June 26, 2013. Again, the Branch Clerk of Court of RTC issued *Subpoena (Duces Tecum and Ad Testificandum)*<sup>13</sup> dated July 3, 2013, requiring Attys. De Venecia and/or Gandioco of SSHG Law to appear before the RTC on July 19 and 22, 2013, bringing with them the original copies of the requested documents.

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<sup>9</sup> Id. at 225-231.

<sup>10</sup> Id. at 232-236.

<sup>11</sup> Id. at 237-242.

<sup>12</sup> Id. at 243-249.

<sup>13</sup> Id. at 250-254.

On July 18, 2013, SSHG Law filed a *Motion to Quash Subpoena*<sup>14</sup>, therein manifesting that it could not produce the requested documents and have its lawyers testify on the same because the said law office had a retaining lien on the subject documents “due to plaintiffs’ refusal to settle their legal fees, which remain outstanding to date.” Private respondents’ alleged outstanding debt to SSHG Law amounted to P2,512,184.20 in legal fees, as of the date of the *Motion*.

Pending resolution of the *Motion to Quash*, private respondents again filed two *Request(s) for Issuance of Subpoena Duces Tecum and Subpoena Ad Testificandum*, on August 28, 2013 and September 4, 2013, respectively, addressed to: (1) Gary L. Lee<sup>15</sup>, one of the defendants in the *Complaint* and Managing Director of Dyna Drug; and (2) herein petitioner Lloyd D. Balajadia<sup>16</sup>, requiring them to present the original copies of essentially the same documents subject of the above *Motion to Quash*. In particular, the *Request* addressed to Balajadia prayed for the production of the following documents:<sup>17</sup>

- 1) Manufacturing Agreement dated April 15, 2008 between LLI and Prohealth;
- 2) Supplement to Manufacturing Agreement dated December 4, 2008, between LLI and Prohealth;
- 3) Real Estate Mortgage dated June 29, 2009, executed by the Spouses Del Castillo in favor of LLI, with attached photocopy of TCT No. 368183/PR 9495;
- 4) Memorandum of Agreement dated March 17, 2011, between LLI, on one hand, and Prohealth and the Spouses Del Castillo, on the other;
- 5) Real Estate Mortgage dated March 17, 2011, executed and signed by the Spouses Del Castillo in favor of LLI over a parcel of land covered by TCT No. 253717;
- 6) Real Estate Mortgage dated March 17, 2011, executed and signed by the Spouses Del Castillo in favor of LLI over a parcel of land covered by TCT No. N-57224;
- 7) Real Estate Mortgage dated March 17, 2011, executed and signed by the Spouses Del Castillo in favor of LLI over a parcel of land covered by TCT No. RT-53365;
- 8) Real Estate Mortgage dated March 17, 2011, executed and signed by Spouses Del Castillo in favor of LLI over a parcel of land covered by TCT No. RT-56436;
- 9) Real Estate Mortgage dated March 17, 2011, executed and

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<sup>14</sup> Id. at 255-261.

<sup>15</sup> Id. at 278-280.

<sup>16</sup> Id. at 281-285.

<sup>17</sup> Id. at 282-284.

- signed by the Spouses Del Castillo in favor of LLI over a condominium unit covered by CCT No. PT40585;
- 10) Real Estate Mortgage dated March 17, 2011, executed and signed by the Spouses Del Castillo in favor of LLI over a condominium unit covered by CCT No. 38312.
  - 11) Assignment of Registered Brand Name dated March 17, 2011, executed and signed by the Spouses Del Castillo in favor of LLI;
  - 12) Delivery Receipt No. 62821 dated March 17, 2011, of LLI;
  - 13) Delivery Receipt No. 62945 dated March 21, 2011, of LLI;
  - 14) Delivery Receipt No. 64311 dated April 30, 2011, of LLI;
  - 15) Delivery Receipt No. 64312 dated April 30, 2011, of LLI;
  - 16) Delivery Receipt No. 64325 dated May 2, 2011, of LLI;
  - 17) Delivery Receipt No. 64401 dated May 4, 2011, of LLI;
  - 18) Delivery Receipt No. 64657 dated May 11, 2011, of LLI;
  - 19) Delivery Receipt No. 64679 dated May 12, 2011, of LLI;
  - 20) Sales Invoice No. 81542 dated May 3, 2011, of LLI;
  - 21) Sales Invoice No. 81543 dated May 3, 2011, of LLI;
  - 22) Sales Invoice No. 81544 dated May 3, 2011, of LLI;
  - 23) Sales Invoice No. 81545 dated May 7, 2011, of LLI;
  - 24) Sales Invoice No. 81828 dated May 13, 2011, of LLI;
  - 25) Sales Invoice No. 81829 dated May 13, 2011, of LLI;
  - 26) Counter Receipt dated May 14, 2011, of LLI;
  - 27) Order Status dated May 13, 2011, of LLI;
  - 28) Official Receipt No. 15561 dated April 14, 2011, of LLI in the amount of P462,790.71;
  - 29) Official Receipt No. 15562 dated April 14, 2011, of LLI in the amount of P289,194.64;
  - 30) Official Receipt No. 15564 dated April 17, 2011, of LLI in the amount of P447,171.43;
  - 31) Letter-Certification dated July 11, 2011, of LLI;
  - 32) Letter dated November 28, 2011, addressed to the Spouses Del Castillo and signed by Atty. Mona Liza Abibico;
  - 33) Letter dated December 6, 2011, addressed to the Spouses Del Castillo and signed by Atty. Mona Liza Abibico;
  - 34) Receipt dated August 30, 2012, from Mercury Drug;
  - 35) Packaging of Nasatapp Syrup and Oral Drops; and

- 36) DOLE application for temporary closure received by DOLE on November 25, 2011.

On September 19, 2013, petitioners filed their *Comment on the Request for the Issuance of Subpoena Duces Tecum and Subpoena Ad Testificandum*<sup>18</sup>.

On September 23, 2013, the RTC granted in open court the *Motion to Quash Subpoena* filed by SSHG Law, without however resolving the latter's prayer to direct private respondents to pay the outstanding legal fees due thereto. During the same hearing, private respondents manifested that the subpoena(s) *duces tecum* and *ad testificandum* had already been issued to petitioner Balajadia and defendant Lee. However, Balajadia and Lee, through counsel, stated that they had not yet received the subpoenas, but manifested the reservation of their right to file a motion to quash the same.<sup>19</sup>

On October 2, 2013, the court *a quo* issued an *Order*<sup>20</sup>, granting private respondents' requests for the issuance of subpoena *duces tecum* and *ad testificandum*, addressed to petitioner Balajadia and defendant Lee. Accordingly, the Branch Clerk of Court of the RTC issued the *Subpoena(s) Duces Tecum and Ad Testificandum*<sup>21</sup> dated October 4, 2013.

On October 17, 2013, petitioners filed its *Motion to Quash Subpoena Duces Tecum and Subpoena Ad Testificandum*<sup>22</sup> in response to the open-court manifestation of private respondents' counsel that the said subpoenae had already been issued prior to the September 23, 2013, hearing. At the time of the filing of the *Motion to Quash*, petitioner Balajadia had not yet received the subpoena addressed to him.

On January 15, 2014, upon submission of the parties' respective memoranda/position papers, the RTC issued its assailed *Order*, thereby denying petitioners' *Motion to Quash Subpoena Duces Tecum and Ad Testificandum*, as follows:<sup>23</sup>

IN VIEW OF THE FOREGOING, the afore-cited "Motion to Quash Subpoena Duces Tecum and Subpoena Ad Testificandum" is **DENIED**.

Aggrieved, petitioners filed the instant petition for *certiorari*, seeking to reverse and set aside the assailed *Order* of the RTC on the basis

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<sup>18</sup> Id. at 286-289.

<sup>19</sup> Rollo, p. 291.

<sup>20</sup> Id. at 292.

<sup>21</sup> Id. at 293-296.

<sup>22</sup> Id. at 297-302.

<sup>23</sup> See Note 1.

of the following grounds:<sup>24</sup>

**THE HONORABLE PRESID[ING] JUDGE OF THE REGIONAL TRIAL COURT OF QUEZON CITY, BRANCH 90, ERRED AND COMMITTED GRAVE ABUSE OF DISCRETION AMOUNTING TO LACK AND/OR EXCESS OF JURISDICTION ISSUING AN ORDER DENYING PETITIONERS['] MOTION TO QUASH SUBPOENA DUCES TECUM AND SUBPOENA AD TESTIFICANDUM WHILR (sic) GRANTING THE QUASHAL OF THE SUBPOENA OF THE SAME MATTERS AND DOCUMENTS BY OTHER PARTY.**

The instant petition lacks merit.

Rule 21 of the Revised Rules of Court governs the issuance of subpoena *duces tecum* and *ad testificandum*. Section 4 thereof expressly provides the grounds for which a subpoena (whether *duces tecum* or *ad testificandum*) may be quashed, to wit:

**Section 4. Quashing a subpoena.** The court may quash a subpoena *duces tecum* upon motion promptly made and, in any event, at or before the time specified therein if it is unreasonable and oppressive, or the relevancy of the books, documents or things does not appear, or if the person in whose behalf the subpoena is issued fails to advance the reasonable cost of the production thereof.

The court may quash a subpoena *ad testificandum* on the ground that the witness is not bound thereby. In either case, the subpoena may be quashed on the ground that the witness fees and kilometrage allowed by these Rules were not tendered when the subpoena was served.

A careful reading of the instant petition will reveal that petitioners' primary ground for their *Motion to Quash* is that the subpoena *duces tecum* and *ad testificandum* was unreasonable and oppressive. However, we find petitioners' arguments to be insufficient to prove that the subpoena requiring Balajadia to present the documents requested was, indeed, unreasonable and oppressive such that the RTC committed grave abuse of discretion amounting to lack or excess of jurisdiction in ordering the issuance thereof.

First, petitioners point out that private respondents had already previously requested for the issuance of subpoena *duces tecum* and *ad testificandum* addressed to their previous handling lawyers from the SSHG Law. Private respondents' act of filing for subsequent requests for subpoena *duces tecum* and *ad testificandum* over essentially the same documents, respectively addressed to petitioner Balajadia and defendant Lee, pending resolution of SSHG Law's *Motion to Quash*, served to effectively preempt the resolution of said motion by the RTC. Corollary

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<sup>24</sup> Rollo, p. 10.

thereto, petitioners contend that the subsequent request for subpoena *duces tecum* and *ad testificandum* addressed to Balajadia was a circumvention of the enforcement of SSHG's attorney's lien over the documents subject of the subpoena. Thus, petitioners insist that equity and fair play require private respondents to first be made to pay their outstanding debt with their previous counsel. Otherwise, Balajadia posits that he may be exposing himself to suits by SSHG Law, as his compliance with the subpoena would render nugatory their attorney's lien over the documents subject of the subpoena.

At this juncture, we must stress that petitioners have no legal standing to raise the above issue of Prohealth's unpaid legal fees to SSHG Law, as the same is entirely between Prohealth and SSHG Law, and them only. Thus, the RTC correctly refused to rule on the prayer of SSHG Law for the court to order private respondents to settle the unpaid legal fees, as the same should be properly raised in a separate suit for collection of sum of money filed by SSHG Law. Second, Balajadia's fear that he would be opening himself up to future suits by SSHG for submitting to court the original copies of the requested documents is nothing more than baseless speculation as Balajadia would be merely complying with the order of a court of law, under pain of contempt. Clearly, compliance with a valid order of the RTC will not subject Balajadia to a suit filed by SSHG Law.

Petitioners likewise invoke Balajadia's right against self-incrimination, or his right not to be compelled to be a witness against himself. Petitioners note that there is a separate pending criminal case for estafa, as well as an administrative case, filed against Balajadia. Thus, to require him to present the documents subject of the subpoena *duces tecum* and *ad testificandum* would be tantamount to compelling him to be a witness against himself, since the documents have the tendency to affect the criminal and administrative cases against him.

Again, we find the foregoing position unmeritorious. The constitutional right against self-incrimination has been defined as "a prohibition against the use of physical or moral compulsion to extort communications from the accused. It is simply a prohibition against legal process to extract from the accused's own lips, against his will, admission of his guilt"<sup>25</sup>. In this case, however, while the issued subpoena was denominated as a subpoena *duces tecum* and *ad testificandum*, the same merely required Balajadia to appear during the hearing to submit the requested documents **for purposes of comparing the same with the photocopies already on file**, to wit:<sup>26</sup>

<sup>25</sup> Ong vs. Sandiganbayan, 470 SCRA 7, 31-32 (2005), citing People vs. Malimit, 264 SCRA 467 and other related case.

<sup>26</sup> See Note 21 at 293.



You are hereby commanded to appear before this Court on **October 29, 2013 at 8:30 A.M.** and bring with you the **ORIGINAL COPIES** of the following documents in relation to the above-entitled case before this Honorable Court, for the purpose of comparing them with the photocopies that are on file with this Court and/or with photocopies in possession of the plaintiff Spouses Generoso R. Del Castillo and Grace Castillo;

x x x            x x x            x x x

Clearly, there was no testimonial compulsion in the above-quoted subpoena, as opposed to the subpoena issued to Attys. De Venecia and Gandioco of SSHG Law, which specifically required them to appear before the RTC on the stated date “then and there to testify in the above-entitled case/s”<sup>27</sup> and bring with them the original copies of the requested documents.

In the same vein, Balajadia’s contention that to require him to submit the said documents would be tantamount to requiring him to submit evidence which may tend to affect the separate criminal case pending against him lacks basis. To reiterate, the original documents were merely intended for comparison with the photocopies already on file with the dockets of the case, thus, private respondents would not be able to retain and bring with them said original copies for purposes of presentation in the separate criminal case. In fact, for purposes of said criminal case, private respondents would still need to request for a separate subpoena for the same documents from the court where said case is pending. Certainly, documentary exhibits admitted in the present case cannot extend to the proceedings in the separate criminal case for estafa.

Anent petitioners’ assertion that it was Prohealth who had custody and control over the original copies of the subject documents as the same had already been issued to them, we find that the same cannot excuse Balajadia from compliance with the subpoena. Under ordinary business or commercial practice, parties retain their own original copies of contracts and other commercial documents, such as the Manufacturing Agreements and REMs subject of the subpoena. In the same vein, issuers of receipts and/or invoices usually retain duplicate original copies thereof for accounting and tax purposes. Thus, petitioners cannot claim that LLI no longer has copies of said documents as the same have been issued to private respondents already.

On a final note, it cannot be gainsaid that a petition for *certiorari* is only a limited remedy that is intended to correct acts rendered without jurisdiction, in excess of jurisdiction, or with grave abuse of discretion. Thus, it cannot be resorted to as a remedy to correct mere errors of

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<sup>27</sup> See Note 13 at 250.

judgment, particularly in the findings or conclusions of quasi-judicial tribunals or lower courts. In such cases, the proper remedy is appeal and not *certiorari*.<sup>28</sup> In the present case, and considering the foregoing disquisition, we are not convinced that the RTC committed grave abuse of discretion amounting to lack or excess of jurisdiction in granting private respondents' request for the issuance of a subpoena *duces tecum* and *ad testificandum*, and in denying petitioners' *Motion to Quash* the same.

**WHEREFORE**, the instant petition for certiorari is **DISMISSED** for lack of merit.

**SO ORDERED.**

**HAKIM S. ABDULWAHID**  
Associate Justice

WE CONCUR:

**PRISCILLA J. BALTAZAR-PADILLA**  
Associate Justice

**SOCORRO B. INTING**  
Associate Justice

#### CERTIFICATION

Pursuant to Article VIII, Section 13 of the Constitution, it is hereby certified that the conclusions in the above-entitled decision were reached in consultation before the case was assigned to the writer of the opinion of the Court.

**HAKIM S. ABDULWAHID**  
Chairperson, Fourth Division

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<sup>28</sup> See *Candelaria vs. Regional Trial Court, Br. 42, City of San Fernando*, G.R. No. 173861, July 14, 2014.