

SECOND DIVISION

[G.R. No. 115758, March 19, 2002]

ELIDAD C. KHO, DOING BUSINESS UNDER THE NAME AND STYLE OF KEC COSMETICS LABORATORY, PETITIONER, VS. HON. COURT OF APPEALS, SUMMERVILLE GENERAL MERCHANDISING AND COMPANY, AND ANG TIAM CHAY, RESPONDENTS.

D E C I S I O N

DE LEON, JR., J.:

Before us is a petition for review on certiorari of the Decision^[1] dated May 24, 1993 of the Court of Appeals setting aside and declaring as null and void the Orders^[2] dated February 10, 1992 and March 19, 1992 of the Regional Trial Court, Branch 90, of Quezon City granting the issuance of a writ of preliminary injunction.

The facts of the case are as follows:

On December 20, 1991, petitioner Elidad C. Kho filed a complaint for injunction and damages with a prayer for the issuance of a writ of preliminary injunction, docketed as Civil Case No. Q-91-10926, against the respondents Summerville General Merchandising and Company (Summerville, for brevity) and Ang Tiam Chay.

The petitioner's complaint alleges that petitioner, doing business under the name and style of KEC Cosmetics Laboratory, is the registered owner of the copyrights *Chin Chun Su and Oval Facial Cream Container/Case*, as shown by Certificates of Copyright Registration No. 0-1358 and No. 0-3678; that she also has patent rights on *Chin Chun Su & Device* and *Chin Chun Su* for medicated cream after purchasing the same from Quintin Cheng, the registered owner thereof in the Supplemental Register of the Philippine Patent Office on February 7, 1980 under Registration Certificate No. 4529; that respondent Summerville advertised and sold petitioner's cream products under the brand name *Chin Chun Su*, in similar containers that petitioner uses, thereby misleading the public, and resulting in the decline in the petitioner's business sales and income; and, that the respondents should be enjoined from allegedly infringing on the copyrights and patents of the petitioner.

The respondents, on the other hand, alleged as their defense that Summerville is the exclusive and authorized importer, re-packer and distributor of *Chin Chun Su* products manufactured by Shun Yi Factory of Taiwan; that the said Taiwanese manufacturing company authorized Summerville to register its trade name *Chin Chun Su Medicated Cream* with the Philippine Patent Office and other appropriate governmental agencies; that KEC Cosmetics Laboratory of the petitioner obtained the copyrights through misrepresentation and falsification; and, that the authority of Quintin Cheng, assignee of the patent registration certificate, to distribute and market *Chin Chun Su* products in the Philippines had already been terminated by the said Taiwanese Manufacturing Company.

After due hearing on the application for preliminary injunction, the trial court granted the same in an Order dated February 10, 1992, the dispositive portion of which reads:

ACCORDINGLY, the application of plaintiff Elidad C. Kho, doing business under the style of KEC Cosmetic Laboratory, for preliminary injunction, is hereby granted. Consequentially, plaintiff is required to file with the Court a bond executed to defendants in the amount of five hundred thousand pesos (P500,000.00) to the effect that plaintiff will pay to defendants all damages which defendants may sustain by reason of the injunction if the Court should finally decide that plaintiff is not entitled thereto.

SO ORDERED.^[3]

The respondents moved for reconsideration but their motion for reconsideration was denied by the trial court in an Order dated March 19, 1992.^[4]

On April 24, 1992, the respondents filed a petition for certiorari with the Court of Appeals, docketed as CA-G.R. SP No. 27803, praying for the nullification of the said writ of preliminary injunction issued by the trial court. After the respondents filed their reply and almost a month after petitioner submitted her comment, or on August 14 1992, the latter moved to dismiss the petition for violation of Supreme Court Circular No. 28-91, a circular prohibiting forum shopping. According to the petitioner, the respondents did not state the docket number of the civil case in the caption of their petition and, more significantly, they did not include therein a certificate of non-forum shopping. The respondents opposed the petition and submitted to the appellate court a certificate of non-forum shopping for their petition.

On May 24, 1993, the appellate court rendered a Decision in CA-G.R. SP No. 27803 ruling in favor of the respondents, the dispositive portion of which reads:

WHEREFORE, the petition is hereby given due course and the orders of respondent court dated February 10, 1992 and March 19, 1992 granting the writ of preliminary injunction and denying petitioners' motion for reconsideration are hereby set aside and declared null and void. Respondent court is directed to forthwith proceed with the trial of Civil Case No. Q-91-10926 and resolve the issue raised by the parties on the merits.

SO ORDERED.^[5]

In granting the petition, the appellate court ruled that:

The registration of the trademark or brandname "Chin Chun Su" by KEC with the supplemental register of the Bureau of Patents, Trademarks and Technology Transfer cannot be equated with registration in the principal register, which is duly protected by the Trademark Law.

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"Registration in the Supplemental Register, therefore, serves as notice that the registrant is using or has appropriated the trademark. By the very fact that the trademark cannot as yet be on guard and there are certain defects, some obstacles which the use must still overcome before he can claim legal ownership of the mark or ask the courts to vindicate his claims of an exclusive right to the use of the same. It would be deceptive for a party with nothing more than a registration in the Supplemental Register to posture before courts of justice as if the registration is in the Principal Register.

The reliance of the private respondent on the last sentence of the Patent office action on application Serial No. 30954 that 'registrants is presumed to be the owner of the mark until after the registration is declared cancelled' is, therefore, misplaced and grounded on shaky foundation. The supposed presumption not only runs counter to the precept embodied in Rule 124 of the Revised Rules of Practice before the Philippine Patent Office in Trademark Cases but considering all the facts ventilated before us in the four interrelated petitions involving the petitioner and the respondent, it is devoid of factual basis. As even in cases where presumption and precept may factually be reconciled, we have held that the presumption is rebuttable, not conclusive, (*People v. Lim Hoa*, G.R. No. L-10612, May 30, 1958, Unreported). One may be declared an unfair competitor even if his competing trademark is registered (*Parke, Davis & Co. v. Kiu Foo & Co., et al.*, 60 Phil 928; *La Yebana Co. v. chua Seco & Co.*, 14 Phil 534)."^[6]

The petitioner filed a motion for reconsideration. This she followed with several motions to declare respondents in contempt of court for publishing advertisements notifying the public of the promulgation of the assailed decision of the appellate court and stating that genuine *Chin Chun Su* products could be obtained only from Summerville General Merchandising and Co.

In the meantime, the trial court went on to hear petitioner's complaint for final injunction and damages. On October 22, 1993, the trial court rendered a Decision^[7] barring the petitioner from using the trademark *Chin Chun Su* and upholding the right of the respondents to use the same, but recognizing the copyright of the petitioner over the oval shaped container of her beauty cream. The trial court did not award damages and costs to any of the parties but to their respective counsels were awarded Seventy-Five Thousand Pesos (P75,000.00) each as attorney's fees. The petitioner duly appealed the said decision to the Court of Appeals.

On June 3, 1994, the Court of Appeals promulgated a Resolution^[8] denying the petitioner's motions for reconsideration and for contempt of court in CA-G.R. SP No. 27803.

Hence, this petition anchored on the following assignment of errors:

I

RESPONDENT HONORABLE COURT OF APPEALS COMMITTED GRAVE ABUSE OF DISCRETION AMOUNTING TO LACK OF JURISDICTION IN FAILING TO RULE ON PETITIONER'S MOTION TO DISMISS.

II

RESPONDENT HONORABLE COURT OF APPEALS COMMITTED GRAVE ABUSE OF DISCRETION AMOUNTING TO LACK OF JURISDICTION IN REFUSING TO PROMPTLY RESOLVE PETITIONER'S MOTION FOR RECONSIDERATION.

III

IN DELAYING THE RESOLUTION OF PETITIONER'S MOTION FOR RECONSIDERATION, THE HONORABLE COURT OF APPEALS DENIED PETITIONER'S RIGHT TO SEEK TIMELY APPELLATE RELIEF AND VIOLATED PETITIONER'S RIGHT TO DUE PROCESS.

IV

RESPONDENT HONORABLE COURT OF APPEALS COMMITTED GRAVE ABUSE OF DISCRETION AMOUNTING TO LACK OF JURISDICTION IN FAILING TO CITE THE PRIVATE RESPONDENTS IN CONTEMPT.^[9]

The petitioner faults the appellate court for not dismissing the petition on the ground of violation of Supreme Court Circular No. 28-91. Also, the petitioner contends that the appellate court violated Section 6, Rule 9 of the Revised Internal Rules of the Court of Appeals when it failed to rule on her motion for reconsideration within ninety (90) days from the time it is submitted for resolution. The appellate court ruled only after the lapse of three hundred fifty-four (354) days, or on June 3, 1994. In delaying the resolution thereof, the appellate court denied the petitioner's right to seek the timely appellate relief. Finally, petitioner describes as arbitrary the denial of her motions for contempt of court against the respondents.

We rule in favor of the respondents.

Pursuant to Section 1, Rule 58 of the Revised Rules of Civil Procedure, one of the grounds for the issuance of a writ of preliminary injunction is a proof 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, either for a limited period or perpetually. Thus, a preliminary injunction order may be granted only when the application for the issuance of the same shows facts entitling the applicant to the relief demanded.^[10] This is the reason why we have ruled that it must be shown that the invasion of the right sought to be protected is material and substantial, that the right of complainant is clear and unmistakable, and, that there is an urgent and paramount necessity for the writ to prevent serious damage.^[11]

In the case at bar, the petitioner applied for the issuance of a preliminary injunctive