

FIRST DIVISION

[G.R. No. 123248, October 16, 1997]

**TWIN ACE HOLDINGS CORPORATION, PETITIONER, VS. COURT
OF APPEALS AND LORENZANA FOOD CORPORATION,
RESPONDENTS.
D E C I S I O N**

BELLOSILLO, J.:

TWIN ACE HOLDINGS CORPORATION (TWIN ACE) is a manufacturer, distiller and bottler of distillery products, e.g., rum, gin, brandy, whiskey, vodka, liquor and cordial under the name and style of Tanduay Distillers, Inc. (TANDUAY). Lorenzana Food Corporation (LORENZANA), on the other hand, manufactures and exports processed foods and other related products, e.g., patis, toyo, bagoong, vinegar and other food seasonings. On 16 January 1992 TWIN ACE filed a complaint for replevin^[1] to recover three hundred eighty thousand (380,000) bottles of 350 ml., 375 ml. and 750 ml. allegedly owned by it but detained and used by LORENZANA as containers for native products without its express permission, in violation of RA No. 623.^[2] This law prohibits the use of registered bottles and other containers for any purpose other than that for which they were registered without the express permission of the owner.

LORENZANA moved to dismiss the complaint on the ground that RA No. 623 could not be invoked by TWIN ACE because the law contemplated containers of non-alcoholic beverages only. But, assuming arguendo that the law applied in TWIN ACE's favor, the right of LORENZANA to use the bottles as containers for its patis and other native products was expressly sanctioned by Sec. 6^[3] of the same law and upheld by this Court in Cagayan Valley Enterprises, Inc. v. Court of Appeals.^[4]

On 16 March 1992 the Regional Trial Court of Manila dismissed the complaint.^[5] TWIN ACE appealed to respondent Court of Appeals which affirmed the action of the trial court. In its Decision dated 22 December 1995^[6] respondent court ruled that while bottles and containers of alcoholic beverages were indeed covered within the protective mantle of RA No. 623, as correctly argued by TWIN ACE, nevertheless the Supreme Court in Cagayan Valley Enterprises, Inc. v. Court of Appeals expressly recognized the exception granted in Sec. 6 thereof to those who used the bottles as containers for sisi, bagoong, patis and other native products. Hence, no injunctive relief and damages could be obtained against LORENZANA for exercising what was precisely allowed by the law.

Petitioner TWIN ACE contends that Sec. 6 notwithstanding, respondent LORENZANA is obliged to pay just compensation for the use of the subject bottles because Sec. 6 exempts the user from criminal sanction only but does not shield him from civil liability arising from the use of the registered bottles without the express consent of the registered owner. Such civil liability arises from the fact that Sec. 5 of RA No 623

expressly reserves for the registered owner the ownership of the containers notwithstanding the sale of the beverage contained therein. Private respondent, on the other hand, contends that petitioner's bottles used as containers for hard liquor are not protected by RA No. 623. But even assuming the applicability of the law, LORENZANA invokes the exemption granted in Sec. 6 thereof.

We deny the petition. The question of whether registered containers of hard liquor such as rum, gin, brandy and the like are protected by RA No. 623 has already been settled in *Cagayan Valley Enterprises, Inc. v. Court of Appeals*.^[7] In that case, the Court dealt squarely with the issue and ruled in the affirmative reasoning that hard liquor, although regulated, is not prohibited by law, hence, still within the purview of the phrase "other lawful beverages" protected by RA No. 623, as amended. Consequently petitioner therein *Cagayan Valley Enterprises, Inc.* was enjoined from using the 350 ml. white flint bottles of *La Tondeña, Inc.*, with the marks of ownership "*La Tondeña, Inc.*" and "*Ginebra San Miguel*" for its own liquor products.

But while we adopt the foregoing precedent and rule in accordance therewith, we will not decide this case in favor of petitioner because it is quite clear that respondent falls within the exemption granted in Sec. 6 which states: "The provisions of this Act shall not be interpreted as prohibiting the use of bottles as containers for "sisi," "bagoong," "patis," and similar native products."

Petitioner itself alleges that respondent LORENZANA uses the subject 350 ml., 375 ml. and 750 ml. bottles as containers for processed foods and other related products such as patis, toyo, bagoong, vinegar and other food seasonings. Hence, Sec. 6 squarely applies in private respondent's favor. Obviously, the contention of TWIN ACE that the exemption refers only to criminal liability but not to civil liability is without merit. It is inconceivable that an act specifically allowed by law, in other words legal, can be the subject of injunctive relief and damages. Besides, the interpretation offered by petitioner defeats the very purpose for which the exemption was provided.

Republic Act No. 623, "An Act to Regulate the Use of Duly Stamped or Marked Bottles, Boxes, Casks, Kegs, Barrels and Other Similar Containers," as amended by RA No. 5700,^[8] was meant to protect the intellectual property rights of the registrants of the containers and prevent unfair trade practices and fraud on the public.^[9] However, the exemption granted in Sec. 6 thereof was deemed extremely necessary to provide assistance and incentive to the backyard, cottage and small-scale manufacturers of indigenous native products such as patis, sisi and toyo who do not have the capital to buy brand new bottles as containers nor afford to pass the added cost to the majority of poor Filipinos who use the products as their daily condiments or viands.^[10] If the contention of petitioner is accepted, i.e., to construe the exemption as to apply to criminal liability only but not to civil liability, the very purpose for which the exemption was granted will be defeated. None of the small-scale manufacturers of the indigenous native products protected would possibly wish to use the registered bottles if they are vulnerable to civil suits. The effect is a virtual elimination of the clear and unqualified exemption embodied in Sec. 6. It is worthy to note that House Bill No. 20585^[11] was completely rejected because it sought to expressly and directly eliminate that which petitioner indirectly proposes to do with this petition.