

SECOND DIVISION

[G.R. No. 167715, November 17, 2010]

**PHIL PHARMAWEALTH, INC., PETITIONER, VS. PFIZER, INC. AND
PFIZER (PHIL.) INC., RESPONDENTS.**

DECISION

PERALTA, J.:

Before the Court is a petition for review on *certiorari* seeking to annul and set aside the Resolutions dated January 18, 2005^[1] and April 11, 2005^[2] by the Court of Appeals (CA) in CA-G.R. SP No. 82734.

The instant case arose from a Complaint^[3] for patent infringement filed against petitioner Phil Pharmawealth, Inc. by respondent companies, Pfizer, Inc. and Pfizer (Phil.), Inc., with the Bureau of Legal Affairs of the Intellectual Property Office (BLA-IPO). The Complaint alleged as follows:

x x x x

6. Pfizer is the registered owner of Philippine Letters Patent No. 21116 (the "Patent") which was issued by this Honorable Office on July 16, 1987. The patent is valid until July 16, 2004. The claims of this Patent are directed to "a method of increasing the effectiveness of a beta-lactam antibiotic in a mammalian subject, which comprises co-administering to said subject a beta-lactam antibiotic effectiveness increasing amount of a compound of the formula IA." The scope of the claims of the Patent extends to a combination of penicillin such as ampicillin sodium and beta-lactam antibiotic like sulbactam sodium.

7. Patent No. 21116 thus covers ampicillin sodium/sulbactam sodium (hereafter "Sulbactam Ampicillin"). Ampicillin sodium is a specific example of the broad beta-lactam antibiotic disclosed and claimed in the Patent. It is the compound which efficacy is being enhanced by co-administering the same with sulbactam sodium. Sulbactam sodium, on the other hand, is a specific compound of the formula IA disclosed and claimed in the Patent.

8. Pfizer is marketing Sulbactam Ampicillin under the brand name "Unasyn." Pfizer's "Unasyn" products, which come in oral and IV formulas, are covered by Certificates of Product Registration ("CPR") issued by the Bureau of Food and Drugs ("BFAD") under the name of complainants. The sole and exclusive distributor of "Unasyn" products in the Philippines is Zuellig Pharma Corporation, pursuant to a Distribution Services Agreement it executed with Pfizer Phils. on January 23, 2001.

9. Sometime in January and February 2003, complainants came to know that respondent [herein petitioner] submitted bids for the supply of Sulbactam Ampicillin to several hospitals without the consent of complainants and in violation of the complainants' intellectual property rights. x x x

x x x x

10. Complainants thus wrote the above hospitals and demanded that the latter immediately cease and desist from accepting bids for the supply [of] Sulbactam Ampicillin or awarding the same to entities other than complainants. Complainants, in the same letters sent through undersigned counsel, also demanded that respondent immediately withdraw its bids to supply Sulbactam Ampicillin.

11. In gross and evident bad faith, respondent and the hospitals named in paragraph 9 hereof, willfully ignored complainants' just, plain and valid demands, refused to comply therewith and continued to infringe the Patent, all to the damage and prejudice of complainants. As registered owner of the Patent, Pfizer is entitled to protection under Section 76 of the IP Code.

x x x x^[4]

Respondents prayed for permanent injunction, damages and the forfeiture and impounding of the alleged infringing products. They also asked for the issuance of a temporary restraining order and a preliminary injunction that would prevent herein petitioner, its agents, representatives and assigns, from importing, distributing, selling or offering the subject product for sale to any entity in the Philippines.

In an Order^[5] dated July 15, 2003 the BLA-IPO issued a preliminary injunction which was effective for ninety days from petitioner's receipt of the said Order.

Prior to the expiration of the ninety-day period, respondents filed a Motion for Extension of Writ of Preliminary Injunction^[6] which, however, was denied by the BLA-IPO in an Order^[7] dated October 15, 2003.

Respondents filed a Motion for Reconsideration but the same was also denied by the BLA-IPO in a Resolution^[8] dated January 23, 2004.

Respondents then filed a special civil action for *certiorari* with the CA assailing the October 15, 2003 and January 23, 2004 Resolutions of the BLA-IPO. Respondents also prayed for the issuance of a preliminary mandatory injunction for the reinstatement and extension of the writ of preliminary injunction issued by the BLA-IPO.

While the case was pending before the CA, respondents filed a Complaint^[9] with the Regional Trial Court (RTC) of Makati City for infringement and unfair competition with damages against herein petitioner. In said case, respondents prayed for the

issuance of a temporary restraining order and preliminary injunction to prevent herein petitioner from importing, distributing, selling or offering for sale sulbactam ampicillin products to any entity in the Philippines. Respondents asked the trial court that, after trial, judgment be rendered awarding damages in their favor and making the injunction permanent.

On August 24, 2004, the RTC of Makati City issued an Order^[10] directing the issuance of a temporary restraining order conditioned upon respondents' filing of a bond.

In a subsequent Order^[11] dated April 6, 2005, the same RTC directed the issuance of a writ of preliminary injunction "prohibiting and restraining [petitioner], its agents, representatives and assigns from importing, distributing or selling Sulbactam Ampicillin products to any entity in the Philippines."

Meanwhile, on November 16, 2004, petitioner filed a Motion to Dismiss^[12] the petition filed with the CA on the ground of forum shopping, contending that the case filed with the RTC has the same objective as the petition filed with the CA, which is to obtain an injunction prohibiting petitioner from importing, distributing and selling Sulbactam Ampicillin products.

On January 18, 2005, the CA issued its questioned Resolution^[13] approving the bond posted by respondents pursuant to the Resolution issued by the appellate court on March 23, 2004 which directed the issuance of a temporary restraining order conditioned upon the filing of a bond. On even date, the CA issued a temporary restraining order^[14] which prohibited petitioner "from importing, distributing, selling or offering for sale Sulbactam Ampicillin products to any hospital or to any other entity in the Philippines, or from infringing Pfizer Inc.'s Philippine Patent No. 21116 and impounding all the sales invoices and other documents evidencing sales by [petitioner] of Sulbactam Ampicillin products."

On February 7, 2005, petitioner again filed a Motion to Dismiss^[15] the case for being moot and academic, contending that respondents' patent had already lapsed. In the same manner, petitioner also moved for the reconsideration of the temporary restraining order issued by the CA on the same basis that the patent right sought to be protected has been extinguished due to the lapse of the patent license and on the ground that the CA has no jurisdiction to review the order of the BLA-IPO as said jurisdiction is vested by law in the Office of the Director General of the IPO.

On April 11, 2005, the CA rendered its presently assailed Resolution denying the Motion to Dismiss, dated November 16, 2004, and the motion for reconsideration, as well as Motion to Dismiss, both dated February 7, 2005.

Hence, the present petition raising the following issues:

- a) Can an injunctive relief be issued based on an action of patent infringement when the patent allegedly infringed has already lapsed?
- b) What tribunal has jurisdiction to review the decisions of the Director of Legal Affairs of the Intellectual Property Office?

c) Is there forum shopping when a party files two actions with two seemingly different causes of action and yet pray for the same relief?[16]

In the first issue raised, petitioner argues that respondents' exclusive right to monopolize the subject matter of the patent exists only within the term of the patent. Petitioner claims that since respondents' patent expired on July 16, 2004, the latter no longer possess any right of monopoly and, as such, there is no more basis for the issuance of a restraining order or injunction against petitioner insofar as the disputed patent is concerned.

The Court agrees.

Section 37 of Republic Act No. (RA) 165,[17] which was the governing law at the time of the issuance of respondents' patent, provides:

Section 37. Rights of patentees. A patentee shall have the exclusive right to make, use and sell the patented machine, article or product, and to use the patented process for the purpose of industry or commerce, throughout the territory of the Philippines **for the term of the patent**; and such making, using, or selling by any person without the authorization of the patentee constitutes infringement of the patent.

[18]

It is clear from the above-quoted provision of law that the exclusive right of a patentee to make, use and sell a patented product, article or process exists only during the term of the patent. In the instant case, Philippine Letters Patent No. 21116, which was the basis of respondents in filing their complaint with the BLA-IPO, was issued on July 16, 1987. This fact was admitted by respondents themselves in their complaint. They also admitted that the validity of the said patent is until July 16, 2004, which is in conformity with Section 21 of RA 165, providing that the term of a patent shall be seventeen (17) years from the date of issuance thereof. Section 4, Rule 129 of the Rules of Court provides that an admission, verbal or written, made by a party in the course of the proceedings in the same case, does not require proof and that the admission may be contradicted only by showing that it was made through palpable mistake or that no such admission was made. In the present case, there is no dispute as to respondents' admission that the term of their patent expired on July 16, 2004. Neither is there evidence to show that their admission was made through palpable mistake. Hence, contrary to the pronouncement of the CA, there is no longer any need to present evidence on the issue of expiration of respondents' patent.

On the basis of the foregoing, the Court agrees with petitioner that after July 16, 2004, respondents no longer possess the exclusive right to make, use and sell the articles or products covered by Philippine Letters Patent No. 21116.

Section 3, Rule 58, of the Rules of Court lays down the requirements for the issuance of a writ of preliminary injunction, viz:

(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 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, or agency or a person is doing, threatening, or 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.

In this connection, pertinent portions of Section 5, Rule 58 of the same Rules provide that if the matter is of extreme urgency and the applicant will suffer grave injustice and irreparable injury, a temporary restraining order may be issued *ex parte*.

From the foregoing, it can be inferred that two requisites must exist to warrant the issuance of an injunctive relief, namely: (1) the existence of a clear and unmistakable right that must be protected; and (2) an urgent and paramount necessity for the writ to prevent serious damage.^[19]

In the instant case, it is clear that when the CA issued its January 18, 2005 Resolution approving the bond filed by respondents, the latter no longer had a right that must be protected, considering that Philippine Letters Patent No. 21116 which was issued to them already expired on July 16, 2004. Hence, the issuance by the CA of a temporary restraining order in favor of the respondents is not proper.

In fact, the CA should have granted petitioner's motion to dismiss the petition for *certiorari* filed before it as the only issue raised therein is the propriety of extending the writ of preliminary injunction issued by the BLA-IPO. Since the patent which was the basis for issuing the injunction, was no longer valid, any issue as to the propriety of extending the life of the injunction was already rendered moot and academic.

As to the second issue raised, the Court, is not persuaded by petitioner's argument that, pursuant to the doctrine of primary jurisdiction, the Director General of the IPO and not the CA has jurisdiction to review the questioned Orders of the Director of the BLA-IPO.

It is true that under Section 7(b) of RA 8293, otherwise known as the *Intellectual Property Code of the Philippines*, which is the presently prevailing law, the Director General of the IPO exercises exclusive appellate jurisdiction over all decisions rendered by the Director of the BLA-IPO. However, what is being questioned before the CA is not a decision, but an interlocutory order of the BLA-IPO denying respondents' motion to extend the life of the preliminary injunction issued in their favor.