

FIRST DIVISION

[G.R. NO. 150877, May 04, 2006]

ELIDAD KHO AND VIOLETA KHO, PETITIONERS, VS. HON. ENRICO LANZANAS, PRESIDING JUDGE OF THE REGIONAL TRIAL COURT OF MANILA - BRANCH 7 AND SUMMERVILLE GENERAL MERCHANDISING, RESPONDENTS.

D E C I S I O N

CHICO-NAZARIO, J.:

Culled from the records are the following antecedent facts:

Shun Yih Chemistry Factory (SYCF), a business existing and operating in Taiwan and engaged in the manufacture and sale of Chin Chun Su Creams/Cosmetics, appointed Young Factor Enterprises in the Philippines, owned and operated by Quintin Cheng also known as Kho Seng Hiok, as its distributor of Chin Chun Su products in the Philippines for a term of two years beginning 1978.^[1] Quintin Cheng registered with the Bureau of Food and Drugs (BFAD) as distributor of Chin Chun Su products. Quintin Cheng subsequently secured a supplemental registration for Chin Chun Su and device.^[2] This supplemental registration was ordered cancelled by the Bureau of Patents, Trademarks and Technology Transfer^[3] on the ground of failure of the registrant to file the required affidavit of non-use as required by Section 12 of Republic Act No. 166, as amended.^[4]

Notwithstanding this cancellation, Quintin Cheng executed on 30 January 1990 an Assignment of a Registered Trademark^[5] and a Supplementary Deed of Assignment^[6] dated 25 November 1991 wherein he sold all his right, title, interest and goodwill in the trademark Chin Chun Su and device to petitioner Elidad Kho.

In the meantime, animosity arose between SYCF and Quintin Cheng resulting in the termination of their distributorship agreement on 30 October 1990.^[7]

Consequently, on 30 November 1990, SYCF appointed respondent Summerville General Merchandising, represented by Ang Tiam Chay and Victor Chua, as its exclusive importer, re-packer and distributor of Chin Chun Su products in the Philippines^[8] for a period of five years or until May 2005.

SYCF further executed a Special Power of Attorney dated 11 September 1991 in favor of Summerville General Merchandising granting it the authority to file complaints against usurpers of Chin Chun Su trademarks/tradename.^[9]

From the foregoing incidents arose several judicial and quasi-judicial proceedings.

1) *Civil Case No. Q-91-10926 before the Regional Trial Court (RTC) of Quezon City,*

On 20 December 1991, Elidad Kho/KEC Laboratory filed a Complaint for Injunction and Damages against Ang Tiam Chay and Summerville General Merchandising before the RTC of Quezon City, Branch 90, docketed as Civil Case No. Q-91-10926. Plaintiff therein Elidad Kho/KEC Laboratory sought to enjoin defendants Ang Tiam Chay and Summerville General Merchandising from using the name Chin Chun Su in their cream products.

On 22 January 1993, a decision in Civil Case No. Q-91-10926 was rendered, the dispositive portion of which provides:

ACCORDINGLY, judgment is hereby rendered:

1. Declaring that plaintiff is not legally authorized to use the trademark "CHIN CHUN SU" and upholding the right of defendant Summerville General Merchandising & Co. to use said trademark as authorized by Shun Yih Chemistry Factory of Taiwan;
2. Declaring plaintiff to have the right to use the copyright claim on "OVAL FACIAL CREAM CONTAINER/CASE" by virtue of Certificate of Copyright Registration No. 3687 issued by the National Library on May 23, 1991;
3. No award of damages;
4. Counsels for plaintiff and defendants are awarded P75,000.00 each as attorney's fees; and
5. Both parties to pay proportionate fees.^[10]

Both parties appealed the RTC decision to the Court of Appeals, docketed as CA-G.R. CV NO. 48043 entitled, "Elidad C. Kho, doing business under the style of KEC Cosmetic Laboratory v. Summerville General Merchandising and Co., et al." In a decision^[11] dated 22 November 1999, the appellate court affirmed *in toto* the decision of the trial court.^[12] Elidad Kho elevated the case to this Court, docketed as G.R. No. 144100. In a resolution dated 28 August 2000, we denied the petition. We held that:

The issue is who, between petitioner Elidad C. Kho and respondent Summerville General Merchandising and Company has the better right to use the trademark "Chin Chun Su" on their facial cream product?

We agree with both the Court of Appeals and the trial court that Summerville General Merchandising and Company has the better right to use the trademark "Chin Chun Su" on its facial cream product by virtue of the exclusive importation and distribution rights given to it by Shun Yih Chemistry Factory of Taiwan on November 20, 1990 after the latter cancelled and terminated on October 30, 1990 its Sole Distributorship Agreement with one Quintin Cheng, who assigned and transferred his rights under said agreement to petitioner Elidad C. Kho on January 31, 1990.

As correctly held by the Court of Appeals, petitioner Kho is not the author of the trademark "Chin Chun Su" and his only claim to the use of the trademark is based on the Deed of Agreement executed in his favor by Quintin Cheng. By virtue thereof, he registered the trademark in his name. The registration was a patent nullity because petitioner is not the creator of the trademark "Chin Chun Su" and, therefore, has no right to register the same in his name. Furthermore, the authority of Quintin Cheng to be the sole distributor of Chin Chun Su in the Philippines had already been terminated by Shun Yih Chemistry of Taiwan. Withal, he had no right to assign or to transfer the same to petitioner Kho.

WHEREFORE, the instant petition is hereby denied due course.^[13]

2) BFAD Cosmetic Case No. CM-040-91

At the other end of the spectrum, due to the proliferation of fake Chin Chun Su products, Summerville General Merchandising filed a Complaint^[14] before the BFAD against KEC Cosmetic Laboratory owned by Elidad Kho.

In a resolution of the BFAD dated 4 February 1992, it ruled that:

WHEREFORE, the brand name clearance of CCS in favor of KEC is recalled and cosmetic registration number DR-X6113-78 dtd 11/17/78 is TEMPORARILY CANCELLED until KEC applies to change or amend the brand name CCS it is now using. For this purpose, KEC is hereby ordered to retrieve all locally produced Chin Chun Su Pearl Cream for relabelling as soon as the amendment of its brand name has been approved by this Bureau with the corresponding amended Certificate of Registration.

Summerville's application to register (renew or reinstate) CCS Medicated Cream under DR-X6113-78 in the name of Shun Yih Chemistry Factory is herewith approved for processing at BFAD-Product Services Division.^[15]

3) Criminal Case No. 00-183261 before the RTC of Manila, Branch 1

This is the case filed before the RTC of Manila, Branch 1, entitled, "People of the Philippines v. Elidad and Violeta Kho and Roger Kho," pursuant to the DOJ Resolution in I.S. No. 00A-02396 and I.S. No. 00B-10973, ordering the filing of a criminal complaint against Elidad, Roger and Violeta Kho.^[16]

Prior to the filing of Criminal Case No. 00-183261 before the RTC of Manila, Branch 1, on 18 January 2000, Victor Chua, representing Summerville General Merchandising, filed a Complaint for Unfair Competition, docketed as I.S. No. 00A-02396 entitled, "Summerville General Merchandising, represented by Victor Chua v. Elidad and Violeta Kho," before the Office of the City Prosecutor of Manila.

Elidad and Violeta Kho filed their counter-affidavit in the Complaint for Unfair Competition which served as their countercharge against Ang Tiam Chay and Victor Chua, likewise for Unfair Competition, docketed as I.S. No. 00B-10973.

On 29 March 2000, the Office of the City Prosecutor granted the consolidation of

both I.S. No. 00A-02396 and I.S. No. 00B-10973. On 25 April 2000, Assistant City Prosecutor Rector Macapagal rendered a joint resolution dismissing both the Complaint and countercharge. This resolution of dismissal was reversed by the review resolution^[17] dated 31 May 2000 issued by Assistant City Prosecutor Elmer Calledo who directed the filing of an information against Elidad Kho, Roger Kho and Violeta Kho for violation of Section 168.3(a) in relation to Sections 168 and 170, Republic Act No. 8293 (The Intellectual Property Code).^[18] On 17 August 2000, Department of Justice (DOJ) Undersecretary Regis Puno issued a resolution^[19] dismissing the petition for review filed by Elidad and Violeta Kho and upholding the ruling of Assistant City Prosecutor Calledo, directing the filing of charges against the Khos. Elidad and Violeta Kho filed a motion for reconsideration, and in a complete turnabout, on 28 September 2001, a resolution^[20] was issued by then DOJ Secretary Hernando Perez again dismissing the Complaint and countercharge in I.S. No. 00A-02396 and I.S. No. 00B-10973 for lack of merit. Summerville General Merchandising accordingly filed a motion for reconsideration of this DOJ resolution dated 20 September 2001.

In view of the latest DOJ resolution ordering the dismissal of the complaint of Summerville General Merchandising against the Khos, the RTC of Manila, Branch 1, issued an Order dated 24 October 2001 directing the dismissal of the Complaint in Criminal Case No. 00-183261.^[21] Summerville General Merchandising filed with the RTC of Manila, Branch 1, a motion for reconsideration of its Order of dismissal of Criminal Case No. 00-183261. For their part, Elidad and Violeta Kho also filed with the same court a supplemental motion insisting that the Order dismissing Criminal Case No. 00-183261 cannot be set aside because to do so would, in effect, reinstate the said criminal case and would already constitute double jeopardy. Acting on these motions, the RTC of Manila, Branch 1, issued an Order dated 21 August 2002 resolving the motions in the following manner:

The foregoing duly established facts indubitably supports accused's contention that a re-filing [o]f the Information would put them in double jeopardy. As ruled by the Supreme Court in *Marcelo v. Court of Appeals*, 235 SCRA 39, upon withdrawal of the Information, which is the logical consequence of the grant of the Motion to Withdraw, there no longer remained any case to dismiss.

Accordingly, finding merit in the Motion for Reconsideration, the same is hereby granted.

The information against accused is hereby dismissed.

The Clerk of Court is hereby directed to return to the accused the cash bonds posted by the latter for their provisional liberty upon presentation of the requisite receipts.

The ruling renders the remaining incidents moot and academic.^[22]

Thereafter, on 17 September 2002, the DOJ Secretary, Hernando B. Perez, granted the pending motion of Summerville General Merchandising for reconsideration of the DOJ resolution^[23] dated 28 September 2001, which dismissed the Complaint of movant Summerville General Merchandising in I.S. No. 00A-02396, and accordingly

issued another resolution vacating the questioned 28 September 2001 resolution and directing the City Prosecutor of Manila to continue with the criminal prosecution of the Khos for Unfair Competition.

Elidad and Violeta Kho filed a motion for reconsideration of the resolution dated 17 September 2002 before the DOJ. The DOJ,^[24] thru the new Secretary Simeon A. Datumanong denied that double jeopardy lies, in a resolution dated 17 July 2003, declared that:

After an evaluation of the record, we resolve to deny the motion for reconsideration. For double jeopardy to attach, the following requirements must be present: (1) upon a valid indictment; (2) before a competent court; (3) after arraignment; (4) when a valid plea has been entered; and (5) when the defendant was convicted, acquitted, or the case was dismissed or otherwise terminated without the express consent of the accused. (*People v. Court of Appeals*, 308 SCRA 687). In the instant case, it appears that the case was terminated with the express consent of the respondent, as the criminal case was dismissed upon the express application of the accused. Her action in having the case dismissed constitutes a waiver of her constitutional prerogative against double jeopardy as she thereby prevented the court from proceeding to trial on the merits and rendering a judgment of conviction against her.

^[25]

At odds with the final DOJ resolution, the RTC of Manila, Branch 1, handling Criminal Case No. 00-183261, held in its Order dated 2 April 2003 that:

Considering the tenors of the orders of dismissal, whatever maybe the merits of the Motion for Reconsideration, revival of the case is now barred by the impregnable wall of double jeopardy.

ACCORDINGLY, the Motion for Reconsideration dated September 10, 2002 filed by the private prosecutor and subject of the Motion to Resolve is hereby denied with finality.

The Clerk of Court is hereby directed to return to the accused the cash bond posted by them for their provisional liberty upon presentation of the required receipts.^[26]

Thus, Summerville General Merchandising raised its case to the Court of Appeals, docketed as CA-G.R. SP No. 77180, assailing the Order dated 24 October 2001 of the RTC of Manila, Branch 1, dismissing Criminal Case No. 00-183261, as well as the Orders dated 21 August 2002 and 2 April 2003 of the same court affirming its previous order of dismissal.

In a decision of the Court of Appeals dated 26 May 2004 in CA-G.R. SP No. 77180, ^[27] the Court denied due course to the petition of Summerville General Merchandising and affirmed the ruling of the trial court that, indeed, double jeopardy has set in.

The decision of the Court of Appeals in CA-G.R. SP No. 77180 is now the subject of a Petition for Review before this Court, docketed as G.R. No. 163741 entitled,