

THIRD DIVISION

[G. R. No. 126627, August 14, 2003]

**SMITH KLINE BECKMAN CORPORATION, PETITIONER, VS. THE
HONORABLE COURT OF APPEALS AND TRYCO PHARMA
CORPORATION, RESPONDENTS.**

DECISION

CARPIO MORALES, J.:

Smith Kline Beckman Corporation (petitioner), a corporation existing by virtue of the laws of the state of Pennsylvania, United States of America (U.S.) and licensed to do business in the Philippines, filed on October 8, 1976, as assignee, before the Philippine Patent Office (now Bureau of Patents, Trademarks and Technology Transfer) an application for patent over an invention entitled "Methods and Compositions for Producing Biphasic Parasiticide Activity Using Methyl 5 Propylthio-2-Benzimidazole Carbamate." The application bore Serial No. 18989.

On September 24, 1981, Letters Patent No. 14561^[1] for the aforesaid invention was issued to petitioner for a term of seventeen (17) years.

The letters patent provides in its claims^[2] that the patented invention consisted of a new compound named methyl 5 propylthio-2-benzimidazole carbamate and the methods or compositions utilizing the compound as an active ingredient in fighting infections caused by gastrointestinal parasites and lungworms in animals such as swine, sheep, cattle, goats, horses, and even pet animals.

Tryco Pharma Corporation (private respondent) is a domestic corporation that manufactures, distributes and sells veterinary products including Impregon, a drug that has Albendazole for its active ingredient and is claimed to be effective against gastro-intestinal roundworms, lungworms, tapeworms and fluke infestation in carabaos, cattle and goats.

Petitioner sued private respondent for infringement of patent and unfair competition before the Caloocan City Regional Trial Court (RTC).^[3] It claimed that its patent covers or includes the substance Albendazole such that private respondent, by manufacturing, selling, using, and causing to be sold and used the drug Impregon without its authorization, infringed Claims 2, 3, 4, 7, 8 and 9 of Letters Patent No. 14561^[4] as well as committed unfair competition under Article 189, paragraph 1 of the Revised Penal Code and Section 29 of Republic Act No. 166 (The Trademark Law) for advertising and selling as its own the drug Impregon although the same contained petitioner's patented Albendazole.^[5]

On motion of petitioner, Branch 125 of the Caloocan RTC issued a temporary restraining order against private respondent enjoining it from committing acts of

patent infringement and unfair competition.^[6] A writ of preliminary injunction was subsequently issued.^[7]

Private respondent in its Answer^[8] averred that Letters Patent No. 14561 does not cover the substance Albendazole for nowhere in it does that word appear; that even if the patent were to include Albendazole, such substance is unpatentable; that the Bureau of Food and Drugs allowed it to manufacture and market Impregon with Albendazole as its known ingredient; that there is no proof that it passed off in any way its veterinary products as those of petitioner; that Letters Patent No. 14561 is null and void, the application for the issuance thereof having been filed beyond the one year period from the filing of an application abroad for the same invention covered thereby, in violation of Section 15 of Republic Act No. 165 (The Patent Law); and that petitioner is not the registered patent holder.

Private respondent lodged a Counterclaim against petitioner for such amount of actual damages as may be proven; P1,000,000.00 in moral damages; P300,000.00 in exemplary damages; and P150,000.00 in attorney's fees.

Finding for private respondent, the trial court rendered a Decision dated July 23, 1991,^[9] the dispositive portion of which reads:

WHEREFORE, in view of the foregoing, plaintiff's complaint should be, as it is hereby, DISMISSED. The Writ of injunction issued in connection with the case is hereby ordered DISSOLVED.

The Letters Patent No. 14561 issued by the then Philippine Patents Office is hereby declared null and void for being in violation of Sections 7, 9 and 15 of the Patents Law.

Pursuant to Sec. 46 of the Patents Law, the Director of Bureau of Patents is hereby directed to cancel Letters Patent No. 14561 issued to the plaintiff and to publish such cancellation in the Official Gazette.

Defendant Tryco Pharmaceutical Corporation is hereby awarded P330,000.00 actual damages and P100,000.00 attorney's fees as prayed for in its counterclaim but said amount awarded to defendant is subject to the lien on correct payment of filing fees.

SO ORDERED. (Underscoring supplied)

On appeal, the Court of Appeals, by Decision of April 21, 1995,^[10] upheld the trial court's finding that private respondent was not liable for any infringement of the patent of petitioner in light of the latter's failure to show that Albendazole is the same as the compound subject of Letters Patent No. 14561. Noting petitioner's admission of the issuance by the U.S. of a patent for Albendazole in the name of Smith Kline and French Laboratories which was petitioner's former corporate name, the appellate court considered the U.S. patent as implying that Albendazole is different from methyl 5 propylthio-2-benzimidazole carbamate. It likewise found that private respondent was not guilty of deceiving the public by misrepresenting that Impregon is its product.

The appellate court, however, declared that Letters Patent No. 14561 was not void as it sustained petitioner's explanation that Patent Application Serial No. 18989 which was filed on October 8, 1976 was a divisional application of Patent Application Serial No. 17280 filed on June 17, 1975 with the Philippine Patent Office, well within one year from petitioner's filing on June 19, 1974 of its Foreign Application Priority Data No. 480,646 in the U.S. covering the same compound subject of Patent Application Serial No. 17280.

Applying Section 17 of the Patent Law, the Court of Appeals thus ruled that Patent Application Serial No. 18989 was deemed filed on June 17, 1995 or still within one year from the filing of a patent application abroad in compliance with the one-year rule under Section 15 of the Patent Law. And it rejected the submission that the compound in Letters Patent No. 14561 was not patentable, citing the jurisprudentially established presumption that the Patent Office's determination of patentability is correct. Finally, it ruled that petitioner established itself to be the one and the same assignee of the patent notwithstanding changes in its corporate name. Thus the appellate court disposed:

WHEREFORE, the judgment appealed from is AFFIRMED with the MODIFICATION that the orders for the nullification of Letters Patent No. 14561 and for its cancellation are deleted therefrom.

SO ORDERED.

Petitioner's motion for reconsideration of the Court of Appeals' decision having been denied^[11] the present petition for review on certiorari^[12] was filed, assigning as errors the following:

I. THE COURT OF APPEALS GRAVELY ERRED IN NOT FINDING THAT ALBENDAZOLE, THE ACTIVE INGREDIENT IN TRYCO'S "IMPREGON" DRUG, IS INCLUDED IN PETITIONER'S LETTERS PATENT NO. 14561, AND THAT CONSEQUENTLY TRYCO IS ANSWERABLE FOR PATENT INFRINGEMENT.

II. THE COURT OF APPEALS GRAVELY ERRED IN AWARDING TO PRIVATE RESPONDENT TRYCO PHARMA CORPORATION P330,000.00 ACTUAL DAMAGES AND P100,000.00 ATTORNEY'S FEES.

Petitioner argues that under the *doctrine of equivalents* for determining patent infringement, Albendazole, the active ingredient it alleges was appropriated by private respondent for its drug Impregon, is substantially the same as methyl 5 propylthio-2-benzimidazole carbamate covered by its patent since both of them are meant to combat worm or parasite infestation in animals. It cites the "unrebutted" testimony of its witness Dr. Godofredo C. Orinion (Dr. Orinion) that the chemical formula in Letters Patent No. 14561 refers to the compound Albendazole. Petitioner adds that the two substances substantially do the same function in substantially the same way to achieve the same results, thereby making them truly identical. Petitioner thus submits that the appellate court should have gone beyond the literal wordings used in Letters Patent No. 14561, beyond merely applying the literal infringement test, for in spite of the fact that the word Albendazole does not appear in petitioner's letters patent, it has ably shown by evidence its sameness with methyl 5 propylthio-2-benzimidazole carbamate.

Petitioner likewise points out that its application with the Philippine Patent Office on account of which it was granted Letters Patent No. 14561 was merely a divisional application of a prior application in the U. S. which granted a patent for Albendazole. Hence, petitioner concludes that both methyl 5 propylthio-2-benzimidazole carbamate and the U.S.-patented Albendazole are dependent on each other and mutually contribute to produce a single result, thereby making Albendazole as much a part of Letters Patent No. 14561 as the other substance is.

Petitioner concedes in its Sur-Rejoinder^[13] that although methyl 5 propylthio-2-benzimidazole carbamate is not identical with Albendazole, the former is an improvement or improved version of the latter thereby making both substances still substantially the same.

With respect to the award of actual damages in favor of private respondent in the amount of P330,000.00 representing lost profits, petitioner assails the same as highly speculative and conjectural, hence, without basis. It assails too the award of P100,000.00 in attorney's fees as not falling under any of the instances enumerated by law where recovery of attorney's fees is allowed.

In its Comment,^[14] private respondent contends that application of the *doctrine of equivalents* would not alter the outcome of the case, Albendazole and methyl 5 propylthio-2-benzimidazole carbamate being two different compounds with different chemical and physical properties. It stresses that the existence of a separate U.S. patent for Albendazole indicates that the same and the compound in Letters Patent No. 14561 are different from each other; and that since it was on account of a divisional application that the patent for methyl 5 propylthio-2-benzimidazole carbamate was issued, then, by definition of a divisional application, such a compound is just one of several independent inventions alongside Albendazole under petitioner's original patent application.

As has repeatedly been held, only questions of law may be raised in a petition for review on certiorari before this Court. Unless the factual findings of the appellate court are mistaken, absurd, speculative, conjectural, conflicting, tainted with grave abuse of discretion, or contrary to the findings culled by the court of origin,^[15] this Court does not review them.

From an examination of the evidence on record, this Court finds nothing infirm in the appellate court's conclusions with respect to the principal issue of whether private respondent committed patent infringement to the prejudice of petitioner.

The burden of proof to substantiate a charge for patent infringement rests on the plaintiff.^[16] In the case at bar, petitioner's evidence consists primarily of its Letters Patent No. 14561, and the testimony of Dr. Orinion, its general manager in the Philippines for its Animal Health Products Division, by which it sought to show that its patent for the compound methyl 5 propylthio-2-benzimidazole carbamate also covers the substance Albendazole.

From a reading of the 9 claims of Letters Patent No. 14561 in relation to the other portions thereof, no mention is made of the compound Albendazole. All that the claims disclose are: the covered invention, that is, the compound methyl 5 propylthio-2-benzimidazole carbamate; the compound's being anthelmintic but