

SECOND DIVISION

[G.R. No. 202423. January 28, 2013.]

CHESTER UYCO, WINSTON UYCHIYONG, and CHERRY C. UYCO-ONG, *petitioners*, vs. **VICENTE LO**, *respondent*.

RESOLUTION

BRION, J :

We resolve the *motion for reconsideration* [1] dated October 22, 2012 filed by petitioners Chester Uyco, Winston Uychiyong and Cherry C. Uyco-Ong to set aside the Resolution [2] dated September 12, 2012 of this Court, which affirmed the decision [3] dated March 9, 2012 and the resolution [4] dated June 21, 2012 of the Court of Appeals (CA) in CA-G.R. SP No. 111964. The CA affirmed the resolution [5] dated September 1, 2008 of the Department of Justice (DOJ). Both the CA and the DOJ found probable cause to charge the petitioners with false designation of origin, in violation of Section 169.1, in relation with Section 170, of Republic Act No. (RA) 8293, otherwise known as the "Intellectual Property Code of the Philippines." [6]

The disputed marks in this case are the "HIPOLITO & SEA HORSE & TRIANGULAR DEVICE," "FAMA," and other related marks, service marks and trade names of Casa Hipolito S.A. Portugal appearing in kerosene burners. Respondent Vicente Lo and Philippine Burners Manufacturing Corporation (PBMC) filed a complaint against the officers of Wintrade Industrial Sales Corporation (*Wintrade*), including petitioners Chester Uyco, Winston Uychiyong and Cherry Uyco-Ong, and of National Hardware, including Mario Sy Chua, for violation of Section 169.1, in relation to Section 170, of RA 8293.

Lo claimed in his complaint that Gasirel-Industria de Comercio e Componentes para Gass, Lda. (*Gasirel*), the owner of the disputed marks, executed a deed of assignment transferring these marks in his favor, to be used in all countries except for those in Europe and America. [7] In a test buy, Lo purchased from National Hardware kerosene burners with the subject marks and the designations "Made in Portugal" and "Original Portugal" in the wrappers. These products were manufactured by Wintrade. Lo claimed that as the assignee for the trademarks, he had not authorized Wintrade to use these marks, nor had Casa Hipolito S.A. Portugal. While a prior authority was given to Wintrade's predecessor-in-interest, Wonder Project & Development Corporation (*Wonder*), Casa Hipolito S.A.

Portugal had already revoked this authority through a letter of cancellation dated May 31, 1993. [8] The kerosene burners manufactured by Wintrade have caused confusion, mistake and deception on the part of the buying public. Lo stated that the real and genuine burners are those manufactured by its agent, PBMC.

In their Answer, the petitioners stated that they are the officers of Wintrade which owns the subject trademarks and their variants. To prove this assertion, they submitted as evidence the certificates of registration with the Intellectual Property Office. They alleged that Gasirel, not Lo, was the real party-in-interest. They allegedly derived their authority to use the marks from Casa Hipolito S.A. Portugal through Wonder, their predecessor-in-interest. Moreover, PBMC had already ceased to be a corporation and, thus, the licensing agreement between PBMC and Lo could not be given effect, particularly because the agreement was not notarized and did not contain the provisions required by Section 87 of RA 8293. The petitioners pointed out that Lo failed to sufficiently prove that the burners bought from National Hardware were those that they manufactured. But at the same time, they also argued that the marks "Made in Portugal" and "Original Portugal" are merely descriptive and refer to the source of the design and the history of manufacture.

In a separate Answer, Chua admitted that he had dealt with Wintrade for several years and had sold its products. He had not been aware that Wintrade had lost the authority to manufacture, distribute, and deal with products containing the subject marks, and he was never informed of Wintrade's loss of authority. Thus, he could have not been part of any conspiracy.

After the preliminary investigation, the Chief State Prosecutor found probable cause to indict the petitioners for violation of Section 169.1, in relation with Section 170, of RA 8293. This law punishes any person who uses in commerce any false designation of origin which is likely to cause confusion or mistake as to the origin of the product. The law seeks to protect the public; thus, even if Lo does not have the legal capacity to sue, the State can still prosecute the petitioners to prevent damage and prejudice to the public.

On appeal, the DOJ issued a resolution affirming the finding of probable cause. It gave credence to Lo's assertion that he is the proper assignee of the subject marks. More importantly, it took note of the petitioners' admission that they used the words "Made in Portugal" when in fact, these products were made in the Philippines. Had they intended to refer to the source of the design or the history of the manufacture, they should have explicitly said so in their packaging. It then concluded that the petitioners' defenses would be better ventilated during the trial and that the admissions of the petitioners make up a sufficient basis for probable cause.

The CA found no grave abuse of discretion on the part of the DOJ and affirmed the DOJ's ruling.

When the petitioners filed their petition before us, we denied the petition for failure to sufficiently show any reversible error in the assailed judgment to warrant the exercise of the Court's discretionary power.

We find no reversible error on the part of the CA and the DOJ to merit reconsideration. The petitioners reiterate their argument that the products bought during the test buy bearing the trademarks in question were not manufactured by, or in any way connected with, the petitioners and/or Wintrade. They also allege that the words "Made in Portugal" and "Original Portugal" refer to the origin of the design and not to the origin of the goods.

The petitioners again try to convince the Court that they have not manufactured the products bearing the marks "Made in Portugal" and "Original Portugal" that were bought during the test buy. However, their own admission and the statement given by Chua bear considerable weight.

The admission in the petitioners' Joint Affidavit is not in any way hypothetical, as they would have us believe. They narrate incidents that have happened. They refer to Wintrade's former association with Casa Hipolito S.A. Portugal; to their decision to produce the burners in the Philippines; to their use of the disputed marks; and to their justification for their use. It reads as follows:

24. As earlier mentioned, the predecessor-in-interest of Wintrade was the former exclusive licensee of Casa Hipolito SA of Portugal since the 1970's, and that Wintrade purchased all the rights on the said trademarks prior to the closure of said company. Indeed, the burners sold by Wintrade used to be imported from Portugal, but Wintrade later on discovered the possibility of obtaining these burners from other sources or of manufacturing the same in the Philippines. Wintrade's decision to procure these burners from sources other than Portugal is certainly its management prerogative. The presence of the words "made in Portugal" and "original Portugal" on the wrappings of the burners and on the burners themselves which are manufactured by Wintrade is an allusion to the fact that the origin of the design of said burners can be traced back to Casa Hipolito SA of Portugal, and that the history of the manufacture of said burners are rooted in Portugal. These words were not intended to deceive or cause mistake and confusion in the minds of the buying public. [9]

Chua, the owner of National Hardware — the place where the test buy was conducted — admits that Wintrade has been furnishing it with kerosene burners with the markings "Made in Portugal" for the past 20 years, to wit:

5. I hereby manifests (*sic*) that I had been dealing with Wintrade Industrial Sales Corporation (WINTRADE for brevity) for around 20 years now by

buying products from it. I am not however aware that WINTRADE was no longer authorized to deal, distribute or sell kerosene burner bearing the mark HIPOLITO and SEA HORSE Device, with markings "Made in Portugal" on the wrapper as I was never informed of such by WINTRADE nor was ever made aware of any notices posted in the newspapers informing me of such fact. Had I been informed, I would have surely stopped dealing with WINTRADE. [10]

Thus, the evidence shows that petitioners, who are officers of Wintrade, placed the words "Made in Portugal" and "Original Portugal" with the disputed marks knowing fully well — because of their previous dealings with the Portuguese company — that these were the marks used in the products of Casa Hipolito S.A. Portugal. More importantly, the products that Wintrade sold were admittedly produced in the Philippines, with no authority from Casa Hipolito S.A. Portugal. The law on trademarks and trade names precisely precludes a person from profiting from the business reputation built by another and from deceiving the public as to the origins of products. These facts support the consistent findings of the State Prosecutor, the DOJ and the CA that probable cause exists to charge the petitioners with false designation of origin. The fact that the evidence did not come from Lo, but had been given by the petitioners, is of no significance.

The argument that the words "Made in Portugal" and "Original Portugal" refer to the origin of the design and not to the origin of the goods does not negate the finding of probable cause; at the same time, it is an argument that the petitioners are not barred by this Resolution from raising as a defense during the hearing of the case.

WHEREFORE, premises considered, we hereby **DENY** the motion for reconsideration for lack of merit.

SO ORDERED.

Carpio, Del Castillo, Perez and Perlas-Bernabe, JJ., concur.

Footnotes

1. *Rollo*, pp. 453-463.

2. *Id.* at 451-452.

3. *Id.* at 46-60.

4. *Id.* at 63-64.

5. *Id.* at 256-263.

6. Sections 169.1 and 170 of RA 8293 read:

Section 169. *False Designations of Origin; False Description or Representation.* —
169.1. Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which:

(a) Is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person; or

(b) In commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities, shall be liable to a civil action for damages and injunction provided in Sections 156 and 157 of this Act by any person who believes that he or she is or is likely to be damaged by such act.

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Section 170. *Penalties.* — Independent of the civil and administrative sanctions imposed by law, a criminal penalty of imprisonment from two (2) years to five (5) years and a fine ranging from Fifty thousand pesos (P50,000) to Two hundred thousand pesos (P200,000), shall be imposed on any person who is found guilty of committing any of the acts mentioned in Section 155, Section 168 and Subsection 169.1. (Arts. 188 and 189, Revised Penal Code)

7. *Rollo*, p. 47.

8. *Id.* at 47-48.

9. *Id.* at 199.

10. *Id.* at 228.