

FIRST DIVISION

[G.R. No. L-32160. January 30, 1982.]

DOMICIANO A. AGUAS, *petitioner*, vs. **CONRADO G. DE LEON**
and **COURT OF APPEALS**, *respondents*.

Estanislao Fernandez for petitioner.

Cecilia P. de Leon for respondents.

DECISION

FERNANDEZ, J :

This is a petition for certiorari to review the decision of the Court of Appeals in CA G.R. No. 37824-R entitled "Conrado G. de Leon, plaintiff-appellee vs. Domiciano Aguas and F. H. Aquino and Sons, defendants-appellants," the dispositive portion of which reads:

"WHEREFORE, with the modification that plaintiff-appellee's award of moral damages is hereby reduced to P3,000.00, the appealed judgment is hereby affirmed, in all other respects, with costs against appellants." [1]

On April 14, 1962, Conrado G. de Leon filed in the Court of First Instance of Rizal at Quezon City a complaint for infringement of patent against Domiciano A. Aguas and F. H. Aquino and Sons alleging that being the original first and sole inventor of certain new and useful improvements in the process of making mosaic pre-cast tiles, he lawfully filed and prosecuted an application for Philippine patent, and having complied in all respects with the statute and the rules of the Philippines Patent Office, Patent No. 658 was lawfully granted and issued to him; that said invention was new, useful, not known or used by others in this country before his invention thereof, not patented or described in any printed publication anywhere before his invention thereof, or more than one year prior to his application for patent therefor, not patented in any foreign country by him or his legal representatives on application filed more than one year prior to his application in this country; that plaintiff has the exclusive license to make, use and sell throughout the Philippines the improvements set forth in said Letters Patent No. 658; that the invention patented by said Patent No. 658 is of great utility and of great value to plaintiff and of great benefit to the public who has demanded and purchased tiles embodying the said invention in very large quantities and in very rapidly

increasing quantities; that he has complied with the Philippine statutes relating to marking patented tiles sold by him; that the public has in general acknowledged the validity of said Patent No. 658, and has respected plaintiff's right therein and thereunder; that the defendant Domiciano A. Aguas infringed Letters of Patent No. 658 by making, using and selling tiles embodying said patented invention and that defendant F. H. Aquino & Sons is guilty of infringement by making and furnishing to the defendant Domiciano A. Aguas the engravings, castings and devices designed and intended for use and actually used in apparatus for the making of tiles embodying plaintiff's patented invention; that he has given direct and personal notice to the defendants of their said acts of infringement and requested them to desist, but nevertheless, defendants have refused and neglected to desist and have disregarded such request, and continue to so infringe causing great and irreparable damage to plaintiff; that if the aforesaid infringement is permitted to continue, further losses and damages and irreparable injury will be sustained by the plaintiff; that there is an urgent need for the immediate issuance of a preliminary injunction; that as a result of the defendants' wrongful conduct, plaintiff has suffered and the defendants are liable to pay him, in addition to actual damages and loss of profits which would be determined upon proper accounting, moral and exemplary or corrective damages in the sum of P90,000.00; that plaintiff has been compelled to go to court for the protection and enforcement of his patent rights as against the defendants' act of infringement and to engage the services of counsel, thereby incurring attorney's fees and expenses of litigation in the sum of P5,000.00. [2]

On April 14, 1962, an order granting the plaintiff's petition for a Writ of Preliminary Injunction was issued. [3]

On May 23, 1962, the defendant Domiciano A. Aguas filed his answer denying the allegations of the plaintiff and alleging that: the plaintiff is neither the original first nor sole inventor of the improvements in the process of making mosaic pre-cast tiles, the same having been used by several tile-making factories in the Philippines and abroad years before the alleged invention by de Leon; that Letters Patent No. 658 was unlawfully acquired by making it appear in the application in relation thereto that the process is new and that the plaintiff is the owner of the process when in truth and in fact the process incorporated in the patent application has been known and used in the Philippines by almost all tile makers long before the alleged use and registration of patent by plaintiff Conrado G. de Leon; that the registration of the alleged invention did not confer any right on the plaintiff because the registration was unlawfully secured and was a result of the gross misrepresentation on the part of the plaintiff that his alleged invention is a new and inventive process; that the allegation of the plaintiff that Patent No. 658 is of great value to plaintiff and of great benefit to the public is a mere conclusion of the plaintiff, the truth being that a) the invention of plaintiff is neither inventive nor new, hence, it is not patentable; b) defendant has been granted valid patents (Patents No. 108, 109, 110 issued on December 21, 1961) on designs for

concrete decorative wall tiles; and c) that he can not be guilty of infringement because his products are different from those of the plaintiff. [4]

The trial court rendered a decision dated December 29, 1965, the dispositive portion of which reads:

"WHEREFORE, judgment is hereby rendered in favor of plaintiff and against the defendants:

"1. Declaring plaintiff's patent valid and infringed;

"2. Granting a perpetual injunction restraining defendants, their officers, agents, employees, associates, confederates, and any and all persons acting under their authority from making and/or using and/or vending tiles embodying said patented invention or adapted to be used in combination embodying the same, and from making, manufacturing, using or selling, engravings, castings and devices designed and intended for use in apparatus for the making of tiles embodying plaintiff's patented invention, and from offering or advertising so to do, and from aiding and abetting or in any way contributing to the infringement of said patent;

"3. Ordering that each and all of the infringing tiles, engravings, castings and devices, which are in the possession or under the control of defendants be delivered to plaintiff;

"4. Ordering the defendants to jointly and severally pay to the plaintiff the following sums of money, to wit:

(a) P10,020.99 by way of actual damages;

(b) P50,000.00 by way of moral damages;

(c) P5,000.00 by way of exemplary damages

(d) P5,000.00 by way of attorney's fees and (e) costs of suit." [5]

The defendant Domiciano Aguas appealed to the Court of Appeals, assigning the following errors. [6]

"I

"THE TRIAL COURT ERRED IN NOT HOLDING THAT PLAINTIFF'S PATENT FOR THE 'PROCESS OF MAKING MOSAIC PRE-CAST TILE' IS INVALID BECAUSE SAID ALLEGED PROCESS IS NOT AN INVENTION OR DISCOVERY AS THE SAME HAS ALREADY LONG BEEN USED BY TILE MANUFACTURERS BOTH ABROAD AND IN THIS COUNTRY.

"II

"THE TRIAL COURT ERRED IN NOT HOLDING THAT THE PATENT OF PLAINTIFF IS VALID BECAUSE IT IS AN IMPROVEMENT OF THE AGE-OLD TILE MAKING SYSTEM.

"III

"THE TRIAL COURT ERRED IN NOT ORDERING THE CANCELLATION OF PLAINTIFF-APPELLEE'S LETTERS PATENT NO. 658, EXHIBIT L, IN ACCORDANCE WITH THE PERTINENT PROVISIONS OF THE PATENT LAW, REPUBLIC ACT 165.

"IV

"THE TRIAL COURT ERRED IN HOLDING THAT DEFENDANT DOMICIANO A. AGUAS IS GUILTY OF INFRINGEMENT DESPITE THE FACT THAT PLAINTIFF'S PATENT IS NOT A VALID ONE.

"V

"THE TRIAL COURT ERRED IN NOT HOLDING THAT THE DEFENDANT COULD NEVER BE GUILTY OF INFRINGEMENT OF PLAINTIFF'S PATENT BECAUSE EVEN IN MATTERS NOT PATENTED BY THE PLAINTIFF-LIKE THE COMPOSITION AND PROPORTION OF INGREDIENTS USED AND THE STRUCTURAL DESIGNS OF THE MOULD AND THE TILE PRODUCED — THAT OF THE DEFENDANT ARE DIFFERENT.

"VI

"THE TRIAL COURT ERRED IN NOT DISMISSING THE COMPLAINT AND IN HOLDING THE DEFENDANT, INSTEAD OF THE PLAINTIFF, LIABLE FOR DAMAGES, AND ATTORNEY'S FEES."

On August 5, 1969, the Court of Appeals affirmed the decision of the trial court, with the modification that plaintiff-appellee's award of moral damages was reduced to P3,000.00. [7]

The petitioner assigns the following errors supposedly committed by the Court of Appeals:

"It is now respectfully submitted that the Court of Appeals committed the following errors involving questions of law, to wit:

"First error. — When it did not conclude that the letters patent of the respondent although entitled on the cover page as a patent for improvements, was in truth and in fact, on the basis of the body of the same, a patent for the old and non-patentable process of making mosaic pre-cast tiles;

"Second error. — When it did not conclude from the admitted facts of the case, particularly the contents of the letters patent, Exh. L, and the pieces of

physical evidence introduced consisting of samples of the tiles and catalogues, that the alleged improvements introduced by the respondent in the manufacture of mosaic pre-cast tiles are not patentable, the same being not new, useful and inventive.

"Third error. — As a corollary, when it sentenced the herein petitioner to pay the damages enumerated in the decision of the lower court (Record on Appeal, pp. 74-75), as confirmed by it (the Court of Appeals), but with the modification that the amount of P50,000.00 moral damages was reduced to P3,000." [8]

The facts, as found by the Court of Appeals, are:

"The basic facts borne out by the record are to the effect that on December 1, 1959, plaintiff-appellee filed a patent application with the Philippine Patent Office, and on May 5, 1960, said office issued in his favor Letters Patent No. 658 for a 'new and useful improvement in the process of making mosaic pre-cast tiles' (Exh. "L"); that defendant F. H. Aquino & Sons engraved the moulds embodying plaintiff's patented improvement for the manufacture of pre-cast tiles, plaintiff furnishing said defendant the actual model of the said tiles in escayola and explained to said engraver the plans, specifications and the details of the engravings as he wanted them to be made, including an explanation of the lip width, artistic slope of easement and critical depth of the engraving that plaintiff wanted for his moulds; that engraver Enrique Aquino knew that the moulds he was engraving for plaintiff were the latter's very own, which possessed the new features and characteristics covered by plaintiff's patent; that defendant Aguas personally, as a building contractor, purchased from plaintiff, tiles shaped out of these moulds at the back of which was imprinted plaintiff's patent number (Exhs. "A" to "E"); that subsequently, through a representative, Mr. Leonardo, defendant Aguas requested Aquino to make engravings of the same type and bearing the characteristics of plaintiff's moulds; that Mr. Aquino knew that the moulds he was asked to engrave for defendant Aguas would be used to produce cement tiles similar to plaintiff's; that the moulds which F.H. Aquino & Sons eventually engraved for Aguas and for which it charged Aguas double the rate it charged plaintiff De Leon, contain the very same characteristic features of plaintiff's mould and that Aguas used these moulds in the manufacture of his tiles which he actually put out for sale to the public (Exhs. "1" to "3" and Exh "A" to "E"); that both plaintiff's and defendant Aguas' tiles are sculptured pre-cast wall tiles intended as a new feature of construction and wall ornamentation substantially identical to each other in size, easement, lip width and critica depth of the deepest depression; and that the only significant difference between plaintiff's mould and that engraved by Aquino for Aguas is that, whereas plaintiff's mould turns out tiles 4 x 4 inches in size, defendant Aguas' mould is made to 4-1/4 x 4-1/4 inch tile." [9]

The patent right of the private respondent expired on May 5, 1977. [10] The errors will be discussed only to determine the right of said private respondent to damages.

The petitioner questioned the validity of the patent of the private respondent, Conrado G. de Leon, on the ground that the process, subject of said patent, is not an invention or discovery, or an improvement of the old system of making tiles. It should be noted that the private respondent does not claim to be the discoverer or inventor of the old process of tile-making. He only claims to have introduced an improvement of said process. In fact, Letters Patent No. 658 was issued by the Philippine Patent Office to the private respondent, Conrado G. de Leon, to protect his rights as the inventor of "an alleged new and useful improvement in the process of making mosaic pre-cast tiles." [11] Indeed, Section 7, Republic Act No. 165, as amended, provides: "Any invention of a new and useful machine, manufactured product or substance, process, or an improvement of the foregoing, shall be patentable."

The Court of Appeals found that the private respondent has introduced an improvement in the process of tile-making because:

". . . we find that plaintiff-appellee has introduced an improvement in the process of tile-making, which proceeds not merely from mechanical skill, said improvement consisting among other things, in the new critical depth, lip width, easement and field of designs of the new tiles. The improved lip width of appellee's tiles ensures the durability of the finished product preventing the flaking off of the edges. The easement caused by the inclination of the protrusions of the patented moulds is for the purpose of facilitating the removal of the newly processed tile from the female die. Evidently, appellee's improvement consists in the solution to the old critical problem by making the protrusions on his moulds attain an optimum height, so that the engraving thereon would be deep enough to produce tiles for sculptured and decorative purposes, strong enough, notwithstanding the deep engravings, to be utilized for walling purposes. The optimum thickness of appellee's new tiles of only 1/8 of an inch at the deepest easement (Exhs. "D" and "D-1") is a most critical feature, suggestive of discovery and inventiveness, especially considering that, despite said thinness, the freshly formed tile remains strong enough for its intended purpose.

"While it is true that the matter of easement, lip width, depth, protrusions and depressions are known to some sculptors, still, to be able to produce a new and useful wall tile, by using them all together, amounts to an invention. More so, if the totality of all these features are viewed in combination with the ideal composition of cement, sodium silicate and screened fine sand.

"By using his improved process, plaintiff has succeeded in producing a new product — a concrete sculptured tile which could be utilized for walling and decorative purposes. No proof was adduced to show that any tile of the same kind had been produced by others before appellee. Moreover, it appears that appellee has been deriving considerable profit from his manufacture and

sale of such tiles. This commercial success is evidence of patentability (Walker on Patents, Deller's Edition, Vol. I, p. 237)." [12]

The validity of the patent issued by the Philippines Patent Office in favor of the private respondent and the question over the inventiveness, novelty and usefulness of the improved process therein specified and described are matters which are better determined by the Philippines Patent Office. The technical staff of the Philippines Patent Office, composed of experts in their field, have, by the issuance of the patent in question, accepted the thinness of the private respondent's new tiles as a discovery. There is a presumption that the Philippines Patent Office has correctly determined the patentability of the improvement by the private respondent of the process in question.

Anent this matter, the Court of Appeals said:

"Appellant has not adduced evidence sufficient to overcome the above established legal presumption of validity or to warrant reversal of the findings of the lower court relative to the validity of the patent in question. In fact, as we have already pointed out, the clear preponderance of evidence bolsters said presumption of validity of appellee's patent. There is no indication in the records of this case — and this Court is unaware of any fact, which would tend to show that concrete wall tiles similar to those produced by appellee had ever been made by others before he started manufacturing the same. In fact, during the trial, appellant was challenged by appellee to present a tile of the same kind as those produced by the latter, from any earlier source but, despite the fact that appellant had every chance to do so, he could not present any. There is, therefore, no concrete proof that the improved process of tile-making described in appellee's patent was used by, or known to, others previous to his discovery thereof." [13]

The contention of the petitioner Aguas that the letters-patent of de Leon was actually a patent for the old and non-patentable process of making mosaic pre-cast tiles is devoid of merit. De Leon never claimed to have invented the process of tile-making. The Claims and Specifications of Patent No. 658 show that although some of the steps or parts of the old process of tile-making were described therein, there were novel and inventive features mentioned in the process. Some of the novel features of the private respondent's improvements are the following: critical depth, with corresponding easement and lip width to such degree as leaves the tile as thin as 1/8 of an inch at its thinnest portion, ideal composition of cement and fine river sand, among other ingredients that makes possible the production of tough and durable wall tiles, though thin and light; the engraving of deep designs in such a way as to make the tiles decorative, artistic and suitable for wall ornamentation, and the fact that the tiles can be mass produced in commercial quantities and can be conveniently stockpiled, handled and packed without any intolerable incidence of breakages. [14]

The petitioner also contends that the improvement of respondent is not patentable because it is not new, useful and inventive. This contention is without merit.

The records disclose that de Leon's process is an improvement of the old process of tile-making. The tiles produced from de Leon's process are suitable for construction and ornamentation, which previously had not been achieved by tiles made out of the old process of tile-making. De Leon's invention has therefore brought about a new and useful kind of tile. The old type of tiles were usually intended for floors although there is nothing to prevent one from using them for walling purposes. These tiles are neither artistic nor ornamental. They are heavy and massive.

The respondent's improvement is indeed inventive and goes beyond the exercise of mechanical skill. He has introduced a new kind of tile for a new purpose. He has improved the old method of making tiles and precast articles which were not satisfactory because of an intolerable number of breakages, especially if deep engravings are made on the tile. He has overcome the problem of producing decorative tiles with deep engraving, but with sufficient durability. [15] Durability in spite of the thinness and lightness of the tile, is assured, provided that a certain critical depth is maintained in relation to the dimensions of the tile. [16]

The petitioner also claims that changing the design from embossed to engraved tiles is neither new nor inventive because the Machuca Tile Factory and the Pomona Tile Manufacturing Company have been manufacturing decorative wall tiles that are embossed as well as engraved; [17] that these tiles have also depth, lip width, easement and field of designs; [18] and that the private respondent had copied some designs of Pomona. [19]

The Machuca tiles are different from that of the private respondent. The designs are embossed and not engraved as claimed by the petitioner. There may be depressions but these depressions are too shallow to be considered engraved. Besides, the Machuca tiles are heavy and massive.

There is no similarity between the Pomona Tiles and de Leon's tiles. The Pomona tiles are made of ceramics. [20] The process involved in making cement tiles is different from ceramic tiles. Cement tiles are made with the use of water, while in ceramics fire is used. As regards the allegation of the petitioner that the private respondent copied some designs of Pomona, suffice it to say that what is in issue here is the process involved in tile-making and not the design.

In view of the foregoing, this Court finds that Patent No. 658 was legally issued, the process and/or improvement being patentable.

Both the trial court and the Court of Appeals found as a fact that the petitioner Domiciano A. Aguas did infringe de Leon's patent. There is no showing that this case falls under one of the exceptions when this Court may overrule the findings of fact of the Court of Appeals. The only issue then to be resolved is the amount of damages that should be paid by Aguas.

In its decision the Court of Appeals affirmed the amount of damages awarded by the lower court with the modification that the respondent is only entitled to P3,000.00 moral damages: [21]

The lower court awarded the following damages: [22]

- a) P10,020.99 by way of actual damages;
- b) P50,000.00 by way of moral damages;
- c) P5,000.00 by way of exemplary damages;
- d) P5,000.00 by way of attorney's fees and
- e) Costs of suit

because:

"An examination of the books of defendant Aguas made before a Commissioner reveals that during the period that Aguas was manufacturing and selling tiles similar to plaintiff's, he made a gross income of P3,340.33, which can safely be considered the amount by which he enriched himself when he infringed plaintiff's patent. Under Sec. 42 of the Patent Law any patentee whose rights have been infringed is entitled to damages which, according to the circumstances of the case may be in a sum above the amount found as actual damages sustained provided the award does not exceed three times the amount of such actual damages. Considering the wantonness of the infringement committed by the defendants who knew all the time about the existence of plaintiff's patent, the Court feels there is reason to grant plaintiff maximum damages in the sum of P10,020.99. And in order to discourage patent infringements and to give more teeth to the provisions of the patent law thus promoting a stronger public policy committed to afford greater incentives and protection to inventors, the Court hereby awards plaintiff exemplary damages in the sum of P5,000.00 to be paid jointly and severally by defendants. Considering the status of plaintiff as a reputable businessman, and owner of the likewise reputed House of Pre-Cast, he is entitled to an award of moral damages in the sum of P50,000.00" [23]

In reducing the amount of moral damages the Court of Appeals said:

"As regards the question of moral damages it has been shown that as a result of the unlawful acts of infringement committed by defendants, plaintiff was understandably very sad; he worried and became nervous and lost concentration on his work in connection with his tile business (pp. 28, 30, t.s.n., Feb. 28, 1964). In addition, plaintiff's character and reputation have been unnecessarily put in question because defendants, by their acts of infringement have created a doubt or suspicion in the public mind concerning the truth and honesty of plaintiff's advertisements and public announcements of his valid patent. Necessarily, said acts of defendants have caused plaintiff considerable mental suffering, considering especially, the fact that he staked everything on his pre-cast tile business (p. 36, t.s.n., *Id.*). The wantonness and evident bad faith characterizing defendants' prejudicial acts against plaintiff justify the

assessment of moral damages in plaintiff's favor, though we do not believe the amount of P50,000.00 awarded by the lower court is warranted by the circumstances. We feel that said amount should be reduced to P3,000.00 by way of compensating appellee for his moral suffering. 'Willful injury to property may be a legal ground for awarding moral damages if the court should find that, under the circumstances such damages are justly due' (Art. 2219 NCC)."

There is no reason to reduce the amount of damages and attorney's fees awarded by the trial court as modified by the Court of Appeals.

WHEREFORE, the decision of the Court of Appeals in CA G.R. No. 37824-R appealed from is hereby affirmed, without pronouncement as to costs.

SO ORDERED.

Makasiar, Guerrero, Melencio-Herrera and Plana, JJ., concur.

Teehankee (Chairman), J., took no part.

Footnotes

1. Rollo, p. 68. The decision of the Court of Appeals was written by Justice Jose M. Mendoza and concurred in by Justice Antonio G. Lucero and Justice Jesus Y. Perez.
2. Record on appeal, pp. 1-6, Rollo, p. 131.
3. *Ibid.*, pp. 9-10.
4. *Ibid.*, pp. 18-27.
5. *Ibid.*, pp. 46-75.
6. Brief for the Defendant-Appellant, pp. 1-2, Rollo, p. 132. The other defendant F. H. Aquino & Sons did not appeal from the decision of December 29, 1965.
7. Rollo, p. 68.
8. Petition, p. 4, Rollo, p. 12.
9. Rollo, pp. 44-46.
10. Rollo, p. 217.
11. Exhibit "L".
12. Rollo, pp. 50-51.

13. Rollo, p. 54.
14. Respondent's Brief, pp. 89-90, Rollo, p. 210.
15. TSN, Sept. 13, pp. 69-71.
16. *Ibid.*
17. TSN, July 17, 1964, pp. 410, 446. See Exhibit 11, 11-A to 11-E: 14 to 14-E, 15.
18. Petitioner's Brief, p. 39, Rollo, p. 147.
19. Exhibits 14-A, 14-B, 14-C, 14-D, 14-E, 15, 15-A, 15-C, TSN, July 31, 1964; pp. 19-28.
20. TSN, July 31, 1964, p. 24.
21. Rollo, p. 68.
22. Amended Record on Appeal, pp. 74-75, Rollo, p. 131.
23. *Ibid.*, pp. 72-73.