

Title: Creser Precision Systems, Inc. v. Court of Appeals and Floro International Corp.

Facts: Floro International Corp. (Floro), a domestic corporation engaged in manufacturing military equipment, was granted a Letters Patent No. UM-6938 for an aerial fuze by the Philippines' Bureau of Patents, Trademarks, and Technology Transfer (BPTTT) on January 23, 1990. In November 1993, Floro's president discovered that Creser Precision Systems, Inc. (Creser), had presented samples of this patented aerial fuze to the Armed Forces of the Philippines (AFP) for testing, claiming it as their own and signaling intent to manufacture and sell the fuze commercially.

Floro warned Creser of potential legal action and applied for an injunction to prevent any potential testing on December 7, 1993. Creser filed a complaint for injunction and damages on December 8, 1993, asserting it was the true inventor of the fuze, having developed it in 1981, and argued that Floro's fuze was a copy. Subsequently, Creser secured a temporary restraining order on December 10, 1993, which led to a trial granting preliminary injunction on December 29, 1993, preventing Floro from manufacturing, marketing, or profiting from the fuzes.

Floro moved for reconsideration but the motion was denied by the trial court. In response, Floro appealed to the Court of Appeals, which ruled in its favor. Creser then sought review from the Philippine Supreme Court.

Issues: The Philippine Supreme Court was tasked to resolve whether:

1. Creser, as a non-patentee, had the legal standing or cause of action to file a complaint for infringement.
2. Creser could seek injunctive relief to protect its claimed rights over the patent.
3. The remedy for Creser, if any, was to file for cancellation of Floro's patent at the Bureau of Patents.

Court's Decision: The Supreme Court ruled in favor of Floro and affirmed the decision of the Court of Appeals. The main points addressed were as follows:

- Creser, not holding any patent for the aerial fuze in question, had no standing to initiate an infringement case as under Section 42 of the Philippines' Patent Law, that right belongs exclusively to a patentee or their successors-in-interest.
- Since Creser had neither patent nor license for the fuze, it did not possess a cause of action for injunction on the basis of infringement.

- American patent laws' provisions for injunction or invalidation suits cannot be applied in the Philippine context as they are not recognized under Philippine law.
- Creser's proper remedy would have been to file a petition for cancellation of Floro's patent within the statutorily prescribed period if it believed that Floro was not the true inventor.
- The Court of Appeals did not err in its judgment, as there was a presumption of patent validity in favor of Floro, who was the patent holder.

Doctrine: Only the patentee or their successors-in-interest have the right to file an action for infringement under Section 42 of the Philippine Patent Law (R.A. 165). A person or entity must first secure a patent to gain rights to a particular invention or creation. Without such a patent, they cannot claim infringement or seek remedies related to infringement, such as an injunction or damages.

Historical Background: At the core, the case involves the protection of intellectual property rights granted through patent law in the Philippines. The decision reinforces the importance of securing a patent and providing a clear-cut path for adjudicating disputes over patent rights. It sets a precedent, emphasizing that the holder of a patent is presumed to be the rightful inventor and that this presumption can only be overturned through a proper proceeding to cancel the patent.