

Title: Pearl Dean (Phil.), Inc. v. Shoemart, Inc. and North Edsa Marketing, Inc.

Facts:

Pearl Dean (Phil.) Inc. (P D) is a corporation engaged in the manufacture of advertising display units called light boxes, marketed as “Poster Ads.” P D held a Certificate of Copyright Registration and had applied for trademark registration for “Poster Ads.” Around 1985, P D had negotiations with Shoemart, Inc. (SMI) to lease space for these light boxes in SMI’s malls. Only the contract for SM Makati was signed, and later, SMI rescinded it, citing non-performance. Subsequently, SMI and its sister company North Edsa Marketing Inc. (NEMI) were found to have similar light boxes in their establishments, leading to P D alleging copyright infringement, trademark infringement, and unfair competition. The Regional Trial Court ruled in favor of P D and held SMI and NEMI jointly liable for the infringement and unfair competition. However, the Court of Appeals overturned this decision, asserting that copyright protection for P D’s engineering drawings did not extend to the light boxes themselves, and the trademark “Poster Ads” was only registered for stationery, not for advertising display units.

Issues:

1. Whether the copyright of the technical drawings for the light boxes extends to the light boxes themselves, thus constituting copyright infringement by SMI and NEMI.
2. Whether the light boxes themselves should have been separately registered and protected by a patent.
3. Whether P D can legally prevent others from using the “Poster Ads” trademark for products not specified in its certificate of registration.
4. Whether the Court of Appeals erred in reversing the award of damages despite SMI being found guilty of bad faith.
5. Whether respondents SMI and NEMI are liable for trademark infringement based on their use of “Poster Ads” in their advertising display units.
6. Whether respondents SMI and NEMI are liable for actual, moral, and exemplary damages, attorney’s fees, and costs of suit.

Court’s Decision:

1. The Court agreed with the Court of Appeals, holding that copyright protection was limited to the engineering drawings alone and not the light box itself.
2. Since P D did not secure a patent for the light boxes, they had no exclusive rights that could have been infringed upon by SMI or NEMI’s use of similar devices.
3. The Court found that P D’s trademark protection for “Poster Ads” was confined to

stationery and did not extend to the advertising display units used by SMI and NEMI, thus there was no trademark infringement.

4. The issue of damages was tied to the findings of copyright and trademark infringement, which were not upheld; thus, no damages were awarded.

5. As there was no trademark infringement established due to the non-registration of “Poster Ads” for light boxes, SMI and NEMI’s use of the mark did not constitute a trademark violation.

6. Without a finding of copyright or trademark infringement, the Court of Appeals rightly dismissed the monetary awards granted by the lower court.

Doctrine:

Copyright protection does not extend to the functionality or utility of a product, but only to the expression or depiction of ideas. Copyright registration of technical drawings does not confer copyright over the object depicted in the drawing. Trademark protection is limited to the goods or services specified in the certificate of registration, and the trademark “Poster Ads” is limited to stationery, and not advertising units.

Historical Background:

This case highlights the important distinctions between copyright, patent, and trademark law within the realm of intellectual property. It reflects the judiciary’s interpretation of laws concerning the protection and scope of intellectual property rights, reinforcing that each type of intellectual property right has its boundaries and cannot be extended beyond what the relevant statutes and legal precedents stipulate. Such clarification ensures that innovators and businesses can understand the extent of legal protection afforded to their creations and marks, as well as the significance of appropriately securing the correct form of intellectual property protection for their assets.