

Title: Rosario C. Maguan (formerly Rosario C. Tan) vs. The Honorable Court of Appeals and Susana Luchan

Facts:

Rosario C. Maguan, doing business under “Swan Manufacturing,” held patents for powder puffs: UM-423 (extended as UM-109), UM-450 (extended as UM-110), and UM-1184. Upon discovering Susana Luchan’s production of similar powder puffs under “Susana Luchan Powder Puff Manufacturing,” Maguan informed her that such manufacture and sale infringed on her patents. Luchan countered by questioning the patents’ validity and submitted petitions for cancellation of these patents to the Philippine Patent Office.

Subsequently, Maguan filed a complaint for damages with the Court of First Instance of Rizal, seeking an injunction. The trial court granted the preliminary injunction. However, Luchan filed a petition for certiorari with the Court of Appeals (CA), claiming the patents were invalid and that the trial court’s issuance of the injunction was improper given the pending cancellation proceedings. Initially, the CA dismissed Luchan’s petition and upheld the injunction, but upon reconsideration, the CA reversed its decision, voided the trial court’s orders, and made the preliminary injunction permanent.

Maguan then petitioned for review on certiorari with the Supreme Court.

Issues:

1. Does a court have jurisdiction to determine the invalidity of patents, which invalidity is pending consideration in the patent office, in an action for patent infringement?
2. Did the Court of First Instance commit grave abuse of discretion in issuing the writ of preliminary injunction?
3. Is certiorari the proper remedy in the instant case?

Court’s Decision:

1. The Supreme Court affirmed that the court has jurisdiction to examine the questions of invention, novelty, or prior use when enforcing a patent. The Patent Law allows the court to determine the validity of a patent, with the Philippine Patent Office executing the judgment upon certification of the final court decision. The ruling emphasized that patent challenges should be considered by courts when there is a question of invalidity, contradicting the trial court’s belief it lacked jurisdiction.

2. The Supreme Court found that the trial court did indeed commit grave abuse of discretion by not first determining the evidence regarding the patents’ validity before issuing the

preliminary injunction. The issuance of such an injunction without a clear and unmistakable right being established was deemed inappropriate.

3. Considering that the injunction could have far-reaching consequences, and the validity of the patents was highly questionable, ordinary appeals were considered inadequate. Certiorari was deemed an appropriate remedy according to the broader interest of justice and because the injunction's general tenor could unduly bar Luchan from selling powder puffs.

Doctrine:

In patent infringement actions, the court is tasked with scrutinizing the invention's novelty, originality, and precedence, as well as deciding on its patentability. The existence of prior use or patenting of the invention a year before the application can render a patent invalid. A preliminary injunction for patent infringement should not be granted unless the patent's validity is clear and beyond question.

Historical Background:

This case illustrates the intersection of patent law and judicial review within the Philippines legal framework. The Philippine judiciary has a role not only in upholding patents but also in voiding them when substantial questions about their validity arise. The decision underscores the checks and balances within the patent system to ensure that only truly novel and original inventions receive protection. It also delineates the scopes of jurisdiction between the courts and the Patent Office, confirming that questions of patent validity can indeed be adjudicated by the courts even when a patent is yet to be formally cancelled by the Patent Office.