

Title: Century Chinese Medicine Co., et al. vs. People of the Philippines and Ling Na Lau

Facts:

The case relates to a claim of intellectual property infringement involving the sale of allegedly counterfeit “TOP GEL T.G. & DEVICE OF A LEAF” papaya whitening soap. Ling Na Lau, owner of Worldwide Pharmacy, held the registered trademark for this product and, on November 7, 2005, requested the National Bureau of Investigation (NBI) to probe several drugstores, including the petitioners, for selling counterfeit versions. NBI Agent Furing and a witness conducted test buys, and the purchased soaps were certified as counterfeit by Lau’s representative.

On November 21, 2005, the NBI applied for search warrants. After conducting an inquiry, the RTC issued Search Warrants on November 23, 2005, for the drugstores for trademark infringement and unfair competition. The NBI filed a Consolidated Return of Search Warrants on December 5th. Petitioners moved to quash the search warrants, claiming violations of forum shopping rules, asserting Benjamin Yu as the soap’s owner, and citing a pending case between Yu and respondents for a prejudicial question.

The RTC granted the petitioners’ Motion to Quash, highlighting the pending civil case between Yu and respondents, which raised the question of the rightful holder of the intellectual property. The RTC argued that probable cause for the issuance of the warrants wasn’t established, as respondent failed to prove her claim over the trademark.

Respondent Ling Na Lau appealed to the CA, which reversed the RTC order and held that the search warrants were correctly issued for anticipated criminal actions, thus Rule 126 of the Rules of Criminal Procedure should apply, not the rules for civil infringement. The CA did not see the existence of a prejudicial question. Petitioners moved for reconsideration, which was denied.

Issues:

1. Whether the Court of Appeals erred in reversing the RTC’s quashing of the search warrants.
2. Whether the Court of Appeals erred in disregarding petitioners’ contentions regarding the Rule of procedural law applied.

Court’s Decision:

The Supreme Court denied the petition for review, affirming the Court of Appeals decision. The Supreme Court agreed with the CA that the Rules on the Issuance of the Search and

Seizure in Civil Actions for Infringement of Intellectual Property Rights were not applicable to the search warrants since the warrants anticipated criminal actions for violations of the Intellectual Property Code. The Supreme Court found no merit in the petitioners' arguments that the search for the products should have been limited to one or two samples and that the CA erred in ruling based on an argument brought up for the first time on appeal. The Supreme Court confirmed the existence of probable cause for the search warrants, as the respondent was the registered owner of the trademark in question.

#### Doctrine:

The Supreme Court reiterated the importance of establishing probable cause for the issuance of a search warrant and the distinction between civil and criminal procedure in intellectual property infringement cases, confirming the applicability of Rule 126 of the Revised Rules of Court for criminal actions, rather than administrative memoranda intended for civil actions.

#### Class Notes:

- Probable cause must exist for the issuance of a search warrant.
- Intellectual property rights must be ascertained and validated in addressing legal actions related to infringement and unfair competition.
- Trademark infringement and unfair competition are criminal offenses under Sections 155 and 168 of RA No. 8293 when related to Section 170.
- Rule 126 applies over A.M. No. 02-1-06-SC when a search warrant is intended for anticipated criminal actions under the Intellectual Property Code.

#### Historical Background:

The case touches upon themes of intellectual property rights and their enforcement in the Philippines, reflecting the complex interplay between administrative, civil, and criminal legal measures in the protection and adjudication of trademark and related rights. The evolving legal landscape regarding intellectual property in the Philippines underscores the judiciary's role in interpreting laws like RA No. 8293 and procedural rules to address the challenges posed by technology, globalization, and market dynamics on intellectual property.