

**\*\*Title:\*\*** Sanrio Company Limited vs. Edgar C. Lim

**\*\*Facts:\*\*** Sanrio Company Limited, a Japanese corporation, holds copyrights for various famous animated characters, including “Hello Kitty.” Its products are sold in the Philippines through exclusive distributor Gift Gate Incorporated (GGI). In 2001, following concerns about counterfeit Sanrio products in the market, GGI tasked IP Manila Associates to conduct market research, which identified Orignamura Trading, a business owned by respondent Edgar C. Lim in Manila, as a seller of fake Sanrio items. As a result, the National Bureau of Investigation (NBI) conducted a raid on Lim’s premises on May 30, 2000, seizing counterfeit goods.

On April 4, 2002, Sanrio filed a complaint with the DOJ’s Task Force on Anti-Intellectual Property Piracy against Lim for copyright infringement under the Intellectual Property Code (IPC). Lim countered that his merchandise was sourced from legitimate manufacturers licensed by GGI. The DOJ dismissed the complaint for insufficiency of evidence. Sanrio’s motion for reconsideration was denied, prompting it to appeal to the Chief State Prosecutor, which affirmed the dismissal. Sanrio then filed a petition for certiorari with the Court of Appeals (CA), which was also dismissed due to prescription, aside from finding no grave abuse of discretion by the DOJ in dismissing the complaint.

**\*\*Issues:\*\***

1. Whether the appellate court erred in concluding that Sanrio’s alleged violations of the IPC had prescribed.
2. Whether the DOJ committed grave abuse of discretion in dismissing the complaint against Lim for copyright infringement.

**\*\*Court’s Decision:\*\***

1. **\*\*On Prescription:\*\*** The Supreme Court held that the filing of the complaint in the DOJ tolled the prescriptive period, agreeing with Sanrio’s assertion based on recent jurisprudence saying that the pendency of a preliminary investigation suspends the running of the prescriptive period.
2. **\*\*On Grave Abuse of Discretion:\*\*** The Court found that the prosecutors were in the best position to determine the presence of probable cause and that they did not commit grave abuse of discretion in dismissing the complaint. The Court stressed that judicial review of a prosecutor’s discretion in preliminary investigations is warranted only when said discretion

is exercised in an arbitrary or capricious manner, which was not established in this case.

**\*\*Doctrine:\*\*** The filing of a complaint-affidavit for purposes of preliminary investigation interrupts the period of prescription of criminal responsibility.

**\*\*Class Notes:\*\***

1. **\*\*Prescription of Criminal Offenses:\*\*** The period during which legal action can be initiated. The prescription starts from the day of the commission of the offense or its discovery if not immediately known. Filing a complaint interrupts this period.

2. **\*\*Preliminary Investigation and Probable Cause:\*\*** A preliminary investigation determines if there is sufficient ground to believe a crime was committed and the accused is likely guilty. Probable cause refers to the facts and circumstances that would lead a reasonable person to believe that a crime has been committed and that the accused committed it.

3. **\*\*Grave Abuse of Discretion:\*\*** An arbitrary or capricious exercise of judgment by a public official, significant enough to merit judicial review. Absent such abuse, courts generally do not interfere with the prosecutorial discretion.

**\*\*Historical Background:\*\*** The case exemplifies the challenges in combating intellectual property infringement in the Philippines, especially regarding copyright laws and their enforcement against counterfeit goods. It highlights the procedural intricacies in prosecuting intellectual property crimes, including the issues of prescription and the standard of probable cause in preliminary investigations.