

### Title: **\*\*246 Corporation vs. Hon. Reynaldo B. Daway, et al.\*\***

### Facts:

On November 26, 1998, Montres Rolex S.A. and Rolex Centre Phil., Limited filed a suit against 246 Corporation for trademark infringement and damages, including a prayer for a restraining order or writ of preliminary injunction at the Regional Trial Court of Quezon City, Branch 90. The complaint alleged that 246 Corporation, since July 1996, has been using the mark “Rolex” in its business name “Rolex Music Lounge” and in advertisements without authority. 246 Corporation responded with special affirmative defenses, arguing that no trademark infringement existed due to the non-competition between the parties’ businesses. They also questioned the verification and certification against forum shopping of the complaint.

The procedural journey to the Supreme Court began with a motion for preliminary hearing on affirmative defenses by the petitioner, followed by a subpoena for Atty. Alonzo Ancheta, which the respondents opposed. Their motions led to the trial court’s denial of the preliminary hearing and quashing of the subpoena. The Court of Appeals later dismissed the petition for certiorari filed by the petitioner, leading to the eventual appeal to the Supreme Court under Rule 45 of the 1997 Rules of Civil Procedure.

### Issues:

1. Whether the trial court denied both petitioner’s motion for a preliminary hearing on affirmative defenses and the motion to dismiss.
2. Whether the trial court gravely abused its discretion in denying said motions.
3. Whether the quashing of the subpoena issued against Atty. Ancheta by the trial court constituted grave abuse of discretion.

### Court’s Decision:

The Supreme Court affirmed the decision of the Court of Appeals dismissing the petition for certiorari. It found that the October 27, 2000 order not only denied the motion for a preliminary hearing but also effectively the motion to dismiss. The Court emphasized that the trial court exercised its discretion reasonably, noting that issues like trademark infringement are factual matters best resolved by the trial court. The Supreme Court also underscored that determining whether Atty. Ancheta was authorized to sign the verification and certification against forum shopping is a matter that should be resolved at the trial level. The quashing of the subpoena ad testificandum against Atty. Ancheta was similarly upheld, as the Court found no abuse of discretion by the trial court.

### Doctrine:

This case reiterates the principle that the determination of issues such as trademark infringement primarily involves factual questions, which are most appropriately resolved by trial courts. The Supreme Court also underscores the discretionary power of trial courts in deciding motions for preliminary hearings on affirmative defenses. Furthermore, the Court highlighted the applicability of Section 123.1(f) of the Intellectual Property Code (Republic Act No. 8293) in cases involving the use of well-known marks on unrelated goods or services.

### Class Notes:

- **Trademark Infringement**: Involves unauthorized use of a trademark on competing or related goods. The case specifies the application of Section 123.1(f) of the Intellectual Property Code, emphasizing protection against the use of well-known marks on unrelated goods or services.
- **Preliminary Hearing and Motion to Dismiss Authority**: The trial court's discretion in granting or denying motions for preliminary hearings on affirmative defenses was affirmed, reflecting Rule 16, Section 6 of the 1997 Rules of Civil Procedure.
- **Verification and Certification against Forum Shopping**: The authorization of the person signing the verification and certification against forum shopping must be verified, but disputes regarding such authorization are to be resolved at the trial level.
- **Subpoena ad testificandum**: The trial court's discretion in quashing a subpoena is subject to review for abuse of discretion, focusing on whether the decision was made arbitrarily or capriciously.

### Historical Background:

This case illustrates the evolution of trademark law in the Philippines, particularly under the Intellectual Property Code (Republic Act No. 8293), which expanded the scope of trademark protection and infringement considerations. The decision reflects the judiciary's approach to balancing procedural considerations with substantive rights under trademark law.