

Title:

Universal Rubber Products, Inc. vs. Court of Appeals, Converse Rubber Corporation, Edwardson Manufacturing Co., Inc., and Judge Pedro C. Navarro, 215 Phil. 85 (1984)

Facts:

Two respondent corporations, Converse Rubber Corporation and Edwardson Manufacturing Co., Inc., filed a lawsuit against Universal Rubber Products, Inc. (URPI) in the Court of First Instance (CFI) of Rizal for unfair competition, seeking damages and attorney's fees. URPI, the defendant, responded to the complaint and the trial began, with respondent Judge Pedro C. Navarro presiding.

As the respondents presented multiple witnesses and documents, they requested a subpoena duces tecum for URPI's treasurer. The subpoena, issued on February 13, 1968, directed the treasurer to present "all sales invoices, sales books, and ledgers" related to the sale of Plymouth Star Player rubber shoes from the start of their manufacture to the present.

URPI moved to quash the subpoena on March 4, 1968, arguing it was unreasonable, oppressive, and irrelevant. The trial court denied this motion on May 6, 1968. URPI filed a reconsideration motion, which was again denied on June 28, 1968. URPI then filed a petition for certiorari with preliminary injunction with the Court of Appeals (CA) on August 6, 1968, alleging grave abuse of discretion by Judge Navarro.

The Court of Appeals issued a temporary restraining order on September 25, 1968, but eventually denied the petition on November 12, 1968. URPI then brought the matter to the Supreme Court, asserting that the subpoena was unreasonable, oppressive, and a "fishing expedition."

While the petition was pending, URPI's establishment and the relevant records were destroyed in a fire on May 3, 1970, rendering the specific subpoena issue moot but leaving the legal principles for resolution.

Issues:

1. Whether a subpoena duces tecum is proper in a suit for unfair competition.
2. Whether the subpoena was arbitrary and constituted grave abuse of discretion by the trial judge.
3. Whether the request was a "fishing expedition."

Court's Decision:

The Supreme Court upheld the rulings of the lower courts.

****Issue 1: Propriety of Subpoena Duces Tecum in Unfair Competition****

The Court noted that the books and documents sought by the respondents were relevant to ascertain damages. R.A. 166 Section 23 allows a complainant in a trademark infringement or unfair competition case to recover damages based either on the reasonable profit lost, the profit made by the infringer, or a reasonable percentage of the infringer's gross sales. The issuance of the subpoena was therefore necessary to provide an equitable resolution and measure damages appropriately.

****Issue 2: Grave Abuse of Discretion****

The Court found no grave abuse of discretion. The subpoena specified the necessary documents precisely, and the request aligned with the complainants' legal rights under R.A. 166 to scrutinize the records to determine damages.

****Issue 3: Fishing Expedition****

The claim that the subpoena was a fishing expedition was dismissed. The Court emphasized that the documents requested were sufficiently described and directly relevant under the statutory provisions for proving damages in an unfair competition claim.

Doctrine:

1. ****Subpoena Duces Tecum Requirements****: A subpoena duces tecum must clearly show by unequivocal proof that the documents contain material evidence relevant to the issue.
2. ****Relevance to the Suit****: In cases of unfair competition, the documents requested must help ascertain damages either through profit loss, infringer's profits, or a percentage of gross sales (R.A. 166, Section 23).

Class Notes:

- ****Subpoena Duces Tecum****: Clear proof of relevance and specificity in the description of documents demanded.
- ****Unfair Competition Damages****: Three options: reasonable profit loss, infringer's profits, or a percentage of gross sales (R.A. 166, Section 23).
- ****Foreign Corporations****: Can sue in the Philippines to protect reputation, corporate name, and goodwill despite not being licensed to conduct business locally (Converse Rubber Corp. vs. Jacinto Rubber & Plastic Co., Inc.).

Historical Background:

This case, occurring in the late 1960s, demonstrates the evolving jurisprudence in intellectual property rights in the Philippines. At that time, there was increasing awareness and assertiveness concerning trademark infringement and unfair competition. The case reiterates the judiciary's role in balancing corporate interests with equitable practices, emphasizing the necessity for clear legal standards in commercial disputes to protect legitimate business interests.