

UNIVERSAL RUBBER PRODUCTS, INC., PETITIONER, VS. HON. COURT OF APPEALS, CONVERSE RUBBER CORPORATION, EDWARDSON MANUFACTURING CO., INC. AND HON. PEDRO C. NAVARRO, RESPONDENTS.

G.R. No. L-30266. June 29, 1984

Ponente: GUERRERO, J.

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GUERRERO, J.:

This petition for review concerns a "subpoena duces tecum" which was issued by the trial court against the treasurer of the herein petitioner, the propriety of which was upheld by the defunct Court of Appeals (now Intermediate Appellate Court).

The facts of this case as stated in the decision of the then Court of Appeals are as follows:

"Records disclose that the two respondent corporations herein sued the present petitioner before the Court of First Instance of Rizal for unfair competition with damages and attorney's fees. In due time herein petitioner, who was the defendant in that court suit, answered the complaint and joined issues with the plaintiffs therein, forthwith respondent Judge, to whom that lawsuit was assigned, proceeded with the trial thereof.

After they have presented about nine witnesses and various pieces of documentary evidence, herein private respondents made a request to the respondent Judge to issue a subpoena duces tecum against the treasurer of herein petitioner. Acting favorably on that request, said respondent Judge issued a subpoena duces tecum on February 13, 1968, directing the treasurer of the present petitioner to bring with him to the lower court on February 26, 1968 and March 8, 1968 at 2:30 p.m. 'all sales invoices, sales books and ledgers wherein are recorded the sales of Plymouth Star Player rubber shoes from the time the corporation started manufacturing and selling said shoes up to the present.'

On March 4, 1968, petitioner filed a motion in the court below praying that the subpoena duces tecum dated February 13, 1968 be quashed on the grounds that: (1) the said subpoena is both unreasonable and oppressive as the books and documents called for are numerous and voluminous; (2) there is no good cause shown for the issuance thereof; and (3) the books and documents are not relevant to the case pending below. The private respondents herein opposed that motion of the petitioner. Acting on the said motion and on the opposition thereto, respondent Judge issued the first controverted order on May 6, 1968, denying the motion to quash the subpoena duces tecum.

On May 15, 1968, herein petitioner filed in the court a quo a motion for reconsideration seeking the said court to reconsider its order denying the motion to quash the subpoena duces tecum. This, too, was opposed by the private respondents. Acting on this motion, as well as on the opposition thereto, respondent Judge issued the second controverted order on June 28, 1968, denying the motion for reconsideration.

Consequently, on August 6, 1968, petitioner Universal Rubber Products, Inc. filed its present petition for

certiorari with preliminary injunction, alleging that in so denying its motion to quash the subpoena duces tecum and its subsequent motion for reconsideration, respondent Judge acted with grave abuse of discretion amounting to an excess of jurisdiction." [1]

Pending the resolution of the appealed case, the Court of Appeals issued on September 25, 1968 a temporary restraining order directing the respondent Judge of the trial court to refrain from implementing his order dated May 6, 1968 in Civil Case No. 9686. [2]

On November 12, 1966, the respondent Court rendered its decision denying the petition for certiorari filed by petitioner for lack of merit. The dispositive portion of the said decision reads: [3]

"WHEREFORE, for lack of merit, the present petition for certiorari with preliminary injunction is hereby denied and the temporary restraining order issued by this Court on September 25, 1968 is now lifted, with costs against the petitioner.

SO ORDERED."

Petitioner argues three errors to support his petition, to wit: [4]

"I.

The respondent court erred when it found the fact of the petition and its annexes as not demonstrating clear abuse of discretion by respondent Judge.

II.

The respondent court erred when it refused to sustain the contention of petitioner that the issuance by the respondent judge of the subpoena duces tecum was an arbitrary exercise of judicial power.

III.

The respondent court erred when it did not consider the subpoena duces tecum issued by the respondent judge as a fishing bill when it refused to order its quashal."

The issues summarized, We are called upon to answer whether the issuance of the "subpoena duces tecum" is proper in a suit for unfair competition.

Private respondent claims the affirmative because (1) the subpoena duces tecum in question specifically designates the books and documents that should be produced in court and they are "sales invoices, sales books and ledgers where are recorded the sales of Plymouth Star Player Rubber Shoes from the time the corporation started manufacturing and selling shoes (that is from April 1, 1963) up to the present; and (2) the relevancy of the books subject to the controverted subpoena duces tecum cannot be seriously denied, because if and when herein respondent corporations are ultimately adjudged to be entitled to recover compensatory damages from the petitioner, there would be no factual basis for the amount of such damages unless those books and documents are laid open for the court's scrutiny.

On the other hand, petitioner submits a contrary opinion and insists that the question of liability of petitioner should be determined first before discovery by means of a subpoena duces tecum is allowed; that respondent Converse is a foreign corporation not licensed to do business in the Philippines and that Edwardson is merely its licensee that respondent Converse has no good-will to speak of and that it has no registrable right over its own names; that the questioned subpoena duces tecum issued by respondent judge was merely a "Fishing Bill."

In the meantime, while this present petition remains pending before this Court, petitioner manifested on April 2, 1977 [5] that their establishment was totally burned together with all the records which is sought to be produced in

court by the questioned "subpoena duces tecum" on May 3, 1970. In effect, it renders the present petition moot and academic. However, the legal principles arising from the issues deserve Our discussion and resolution.

As a general rule, on obtaining an injunction for infringement of a trademark, complainant is entitled to an accounting and recovery of defendant's profits on the goods sold under that mark, as incident to, and a part of, his property right, and this rule applies in cases of unfair competition. In such case, the infringer or unfair trader is required in equity to account for and yield up his gains on a principle analogous to that which charges as trustee with the profits acquired by the wrongful use of the property of the cestui que trust, and defendant's profits are regarded as an equitable measure of the compensation plaintiff should receive for the past harm suffered by him.[6]

Well-settled is Our jurisprudence that, in order to entitle a party to the issuance of a "subpoena duces tecum", it must appear, by clear and unequivocal proof, that the book or document sought to be produced contains evidence relevant and material to the issue before the court, and that the precise book, paper or document containing such evidence has been so designated or described that it may be identified.[7] A "subpoena duces tecum" once issued by the court may be quashed upon motion if the issuance thereof is unreasonable and oppressive, or the relevancy of the books, documents or things does not appear, or if the persons in whose behalf the subpoena is issued fails to advance the reasonable cost of production thereof.[8]

In the instant case, in determining whether the books subject to the subpoena duces tecum are relevant and reasonable in relation to the complaint of private respondent for unfair competition, We have to examine Republic Act No. 166,[9] which provides:

"CHAPTER V. -- Rights and Remedies

xxx xxx xxx xxx

Sec. 23. Actions, and damages and injunction for infringement. - Any person entitled to the exclusive use of a registered mark or trade name may recover damages in a civil action from any person who infringes his rights and the measure of the damages suffered shall be either the reasonable profit which the complaining party would have made, had the defendant not infringed his said rights, or the profit which the defendant actually made out of the infringement, or in the event such measure of damages cannot be readily ascertained with reasonable certainty, then the court may award as damages a reasonable percentage based upon the amount of gross sales of the defendant of the value of the services in connection with which the mark or trade name was used in the infringement of the rights of the complaining party. In cases where actual intent to mislead the public or to defraud the complaining party shall be shown in the discretion of the court, the damages may be doubled.

The complaining party, upon proper showing may also be granted injunction."

In recovering the loss suffered by the aggrieved party due to "unfair competition", Sec. 23 of R.A. 166 grants the complainant three options within which to ascertain the amount of damages recoverable, either (1) the reasonable profit which the complaining party would have made, had the defendant not infringed his said rights; or (2) the profit which the defendant actually made out of the infringement; or (3) the court may award as damages a reasonable percentage based upon the amount of gross sales of the defendant of the value of the services in connection with which the mark or tradename was issued in the infringement of the rights of the complaining party.

In giving life to this remedial statute, We must uphold the order of the court a quo denying the motion of the petitioner to quash the "subpoena duces tecum" previously issued against the petitioner. In a suit for unfair competition, it is only through the issuance of the questioned "subpoena duces tecum" that the complaining party

is afforded his full rights of redress.

The argument that the petitioner should first be found guilty of unfair competition before an accounting for purposes of ascertaining the amount of damages recoverable can proceed, stands without merit. The complaint for unfair competition is basically a suit for "injunction and damages".^[10] Injunction, for the purpose of enjoining the unlawful competitor from proceeding further with the unlawful competition, and damages, in order to allow the aggrieved party to recover the damage he has suffered by virtue of the said unlawful competition. Hence, the election of the complainant (private respondent herein) for the accounting of petitioner's (defendant below) gross sales as damages per R.A. 166, appears most relevant. For Us, to determine the amount of damages allowable after the final determination of the unfair labor case would not only render nugatory the rights of complainant under Sec. 23 of R.A. 166, but would be a repetitious process causing only unnecessary delay.

The sufficiency in the description of the books sought to be produced in court by the questioned "subpoena duces tecum" is not disputed in this case, hence, We hold that the same has passed the test of sufficient description.

Petitioner also assails that private respondent is a foreign corporation not licensed to do business in the Philippines and that respondent Edwardson is merely its licensee; that respondent Converse has no goodwill to speak of and that it has no registrable right over its own name. We have already answered this issue squarely in Our decision of the case of Converse Rubber Corporation, vs. Jacinto Rubber & Plastic Co., Inc.^[11] where We explained:

"The disability of a foreign corporation from suing in the Philippines is limited to suits to enforce any legal or contract rights arising from, or growing out, of any business which it has transacted in the Philippine Island. x x x On the other hand, where the purpose of a suit is 'to protect its reputation, its corporate name, its goodwill, whenever that reputation, corporate name or good-will have, through the natural development of its trade, established themselves', an unlicensed foreign corporation may sue in the Philippines. So interpreted by the Supreme Court, it is clear that Sec-tion 29 of the Corporation Law does not disqualify plaintiff-appellee Converse Rubber, which does not have a branch office in any part of the Philippines and is not 'doing business' in the Philippines, from filing and prosecuting this action for unfair competition."

As We said earlier, the establishment of the petitioner burned down together with all the records sought to be produced by the questioned "subpoena duces tecum", hence this case has become moot and academic. We have no recourse but to dismiss the same.

WHEREFORE, the instant petition is DISMISSED for becoming moot and academic. No costs. SO ORDERED.

Makasiar, (Chairman), Concepcion, Jr., Abad Santos, Escolin, and Cuevas, JJ., concur.

Aquino, J., in the result.

[1] Rollo, pp. 28-31.

[2] Ibid., p. 31.

[3] Ibid., p. 38.

[4] Petitioner's Brief, Rollo, p. 410.

[5] Rollo, p. 444.

[6] 87 Corpus Juris Secundum, pp. 604-606.

[7] Arnaldo vs. Locsin, 69 Phil. 113; People vs. Topacio and Santiago, 59 Phil. 356; Liebenow vs. Philippine

Vegetable Oil Co., 39 Phil. 60, 69.

[8] Sec. 4, Rule 23, Revised Rules of Court.

[9] An act to provide for the registration and protection of trademarks, tradenames and servicemarks, defining unfair competition and false marking and providing remedies against the same, and for other purposes.

[10] Sec. 23, R.A. 166, supra.

[11] 97 SCRA 158, 178, citing *Western Equipment and Supply Co. vs. Reyes*, 51 Phil. 115.

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