

LOUIS VUITTON S.A., COMPLAINANT, VS. JUDGE FRANCISCO DIAZ VILLANUEVA, PRESIDING JUDGE, BRANCH 36, THE METROPOLITAN TRIAL COURT AT QUEZON CITY, METRO MANILA, RESPONDENT.

Adm. Case No. MTJ-92-643. November 27, 1992

Ponente: CAMPOS, JR., J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/fa72c85bc865/>

CAMPOS, JR., J.:

This is a complaint filed by Louis Vuitton, S.A., presented by counsel, Quasha Asperilla Ancheta Peña and Nolasco Law Office, against Judge Francisco Diaz Villanueva the Metropolitan Trial Court of Quezon City, Branch 36, on the ground that the latter knowingly rendered a manifestly unjust judgment.

This Court finds the following facts as relevant:

In Criminal Case No. XXXVI-62431, entitled "People of the Philippines vs. Jose V. Rosario", Louis Vuitton, S.A. accused the latter of unfair competition as defined by paragraph 1 of Article 189, Revised Penal Code. The information stated:

"x x x the above named accused, as owner/proprietor of Manila COD Department Store x x x did then and there, wilfully, unlawfully and feloniously manufacture, distribute, sell and offer for sale lady's bags, should (sic) bags, wallets, purses and other similar goods made of leather with the labels, trademarks and logo of 'LOUIS VUITTON' and 'LV', which are exclusive trademarks owned and registered with the Philippine Patent Office in the name of private complainant LOUIS VUITTON S.A. x x x thus, giving to them the general appearance of goods or products of said private complainant, or such appearance which would be likely to induce the public to believe that said goods offered are those of private complainant, in unfair competition and for the purpose of deceiving or defrauding it of its legitimate trade or the public in general x x x." [1]

On February 8, 1991, before judgment, prosecution filed the Prosecution's Memorandum with Motion found in Annex "A" of the Complaint, where the prosecution prayed:

"Premises considered, it is most respectfully prayed that the accused Jose V. Rosario be declared guilty beyond reasonable doubt of having committed the offense described in the criminal information against him.

In the alternative, if the accused cannot be held responsible for the criminal information against him, it is respectfully moved that the accused be committed to answer for the proper offense of "giving other persons (the supposed concessionaire) a chance or opportunity to commit unfair competition" (Section 1, Article 189 of the Revised Penal Code in conjunction with Rule 119 of the 1985 Rules on Criminal Procedure)." [2]

The trial court summarized its factual findings as follows:

"From the records of the case, the evidence presented and the arguments advanced by the parties, the Court finds that the complaining witness in this case is the representative and attorney-in-fact, counsel of Louis Vuitton, S.A. French Company with business address at Paris, France; that private complainant is suing the accused for the protection of the trade mark Louis Vuitton and the L.V. logo which are duly registered with the Philippine Patent Office; that on May 10, 1989, Atty. Felino Padlan of the Quasha Law Office brought a letter

to the COD informing the latter to cease and desist from selling leather articles bearing the trade marks Louis Vuitton and L.V. logo as the same is the registered trade marks belonging to the private complainant which has not authorized any person in the Philippines to sell such articles; that on August 4, 1989, prosecution witness, Miguel Domingo bought at the COD ladies' bag bearing the trade mark and logo of Louis Vuitton x x x; that again on September 6, 1989, said Mr. Domingo again bought from the same store a wallet with a trade mark and logo of Louis Vuitton x x x; that on September 28, 1989, the NBI, upon the request of the Quasha Law Firm applied for a Search Warrant at the Metropolitan Trial Court in Quezon City; that the application was granted and the Search Warrant was issued against COD and was enforced on the same date; that from the implementation of the said Search Warrant, about seventy-two (72) leather products were seized; that the accused signed the inventory of the seized articles.

The accused, on the other hand, claimed: that he is not the manufacturer or seller of the seized articles; that the said articles were sold in the store by a concessionaire by the name of Erlinda Tan who is doing business under the name of Hi-Tech bags and wallets."[3]

In acquitting the accused, the trial court gave the following reasons:

"From all the foregoing, considering that the accused denied being the manufacturer or seller of the seized articles, it is incumbent upon the prosecution to prove that said articles are owned and being sold by the accused. The prosecution relied as their evidence against the accused the inventory which was signed by him (accused) with a notation under his signature "owner/representative". An examination of the inventory x x x would show that the same was a prepared form of the NBI and that the accused was made to sign only on the space on the typewritten word owner/representative. Aside from this, no other evidence was presented by the prosecution to show that there is a link between the manufacturer of the seized goods and the accused. Further, when the case was filed with the Prosecutor's Office, it stated the name of the accused as the owner of the COD, but from the evidence presented, it appears that the accused is not the owner but the stockholder and the executive-vice president thereof.

The prosecution evidence show that long before the raid of September 28, 1989, surveys have been caused to be made by the Quasha Law Firm, not only at the COD but also in other department stores as far as Baguio City and Cebu City; that these seized products were being sold not only at COD but also in some big department(sic) store such as Cash and Carry. They could have easily verified from the Securities and Exchange Commission who the actual officers of the COD [are] to be charged, but the prosecution did not do this and relied only on the inventory of the seized goods prepared by the NBI agents with the typewritten word owner/representative.

With respect to the seized goods, the test of unfair competition is whether the goods have been made to appear that will likely deceive the ordinary purchaser exercising ordinary care. The seized goods which were marked as exhibits and presented to the Court would easily show that there was no attempt on the part of the manufacturer or seller to pass these goods as products of Louis Vuitton. From the price tags attached to a seized bag, it could be seen that the article carried a price tag of ONE HUNDRED FORTY-SEVEN (P147.00) PESOS, whereas, upon examination of the expert witness presented by the prosecution, he testified that a genuine bag of Louis Vuitton would cost about FOUR THOUSAND (P4,000.00 PESOS to FIVE THOUSAND (P5,000.00) PESOS. It is apparent that the seized articles did not come close to the appearance of a genuine Louis Vuitton product. Further, the buckle of the bag also carries the logo of Gucci, another trade mark. From the appearance of all the seized goods, it is very apparent that these goods were roughly done. The quality and textures of the materials used are of low quality that an ordinary purchaser(sic) exercising ordinary [care] will easily determine that they were locally manufactured and will not pass as a (sic) genuine Louis Vuitton products. From these, the Court finds that the prosecution failed to prove that the essential elements of unfair competition, to wit:

- a. That the offender gives his goods the general appearance of the goods of another manufacturer or dealer;

b. That the general appearance is shown in the (1) goods themselves, or in the (2) wrapping of their packages, or in the (3) device or words therein, or in (4) any other feature of their a (sic) appearance.

These elements, to the mind of the Court are absent in this case.

Further finally, the prosecution filed this case against accused Jose V. Rosario in his personal capacity and not as an officer of the Manila COD Department Store, which is a corporation, and has a separate legal personality."^[4]

In the complaint, complainant pointed out that the respondent Judge did not consider the motion of February 11, 1990. This omission of respondent judge allegedly constituted a clear and gross violation of his ministerial duty in order to allow the accused to escape criminal liability. Furthermore, complainant claimed that the respondent judge's failure to resolve the motion exposed his gross ignorance of the law. Section 11, Rule 119 of the 1985 Rules on Criminal Procedure states:

Section 11. When mistake has been made in charging the proper offense.-- When it becomes manifest at any time before judgment, that a mistake has been made in charging the proper offense, and the accused cannot be convicted of the offense charged, or of any other offense necessarily included therein, the accused shall not be discharged, if there appears to be good cause to detain him. In such case, the court shall commit the accused to answer for the proper information charged.

Complainant also assailed respondent judge's findings that there was no unfair competition because the elements of the crime were not met, and that the seized articles did not come close to the appearance of a genuine Louis Vuitton product, the counterfeit items having been poorly done. According to complainant, in making such conclusions, respondent judge ignored the ruling in *Converse Rubber Corp. vs. Jacinto Rubber & Plastics Co., Inc.*,^[5] that "the statute on unfair competition extends protection to the goodwill of a manufacturer or dealer".

Thirdly, complainant criticized respondent judge for his failure to consider the alleged lack of credibility of Felix Lizardo, the lone witness for the defense, in rendering the assailed decision.

Lastly, complainant pointed out that respondent judge violated the constitutional mandate that decisions should be rendered within three (3) months from submission of the case. It appeared that the decision was dated June 28, 1991 but it was promulgated only on October 25, 1991.

In response to the forgoing accusations, respondent judge set forth in his comment that:

1. The evidence of the prosecution was not sufficient to sustain the conclusion that Jose V. Rosario was guilty beyond reasonable doubt. The evidence did not prove all the elements of the offense charged. He added that in deciding criminal cases, the trial court relies not on the weakness of the accused's evidence but on the strength of the evidence submitted by the prosecution.

2. His alleged failure to act on the motion was due to the prosecutor's failure to point out to the court before judgment was rendered that a mistake was made in charging the proper offense. He also added that the prosecutor's evidence did not also manifest this mistake.

Citing the conclusion of the Prosecution's Memorandum with Motion of the complainant, respondent judge averred that the private prosecutor himself, instead of showing to the court that the proper offense was not charged, clearly indicated that no such mistake was committed. The cited statement says;

"It is respectfully submitted that the prosecution has fairly proven that the accused is guilty beyond reasonable doubt of having committed the offense outlined in the criminal Information against him. x x x."^[6]

3. The prayer contained in the Prosecution's Memorandum with Motion should have been placed in a proper

pleading. He also said that the private prosecutor should have conferred with public prosecutor if the former believed that the proper offense of giving other persons a chance to commit unfair competition would be charged against Rosario. The failure of both public and private prosecutors to take the appropriate action provided no reason for respondent judge to commit the accused to answer for the proper information.

The sole issue for consideration of this Court is whether or not respondent judge is guilty of knowingly rendering a manifestly unjust judgment.

The Revised Penal Code holds a judge liable for knowingly rendering a manifestly unjust judgment. Article 204 thereof provides:

Any judge who shall knowingly render an unjust judgment in a case submitted to him for decision shall be punished x x x.

The law requires that the (a) offender is a judge; (b) he renders a judgment in a case submitted to him for decision; (c) the judgment is unjust; (d) he knew that said judgment is unjust.[7] In some administrative cases[8] decided by this Court, We have ruled that in order to hold a judge liable, it must be shown beyond reasonable doubt that the judgment is unjust and that it was made with conscious and deliberate intent to do an injustice.

In this case, We are constrained to hold that complainant failed to substantiate its claims that respondent judge rendered an unjust judgment knowingly. It merely relied on the failure of respondent judge to mention the motion in the decision, on his alleged reliance on the testimony of defense witness and on the delay in the promulgation of the case.

But they are not enough to show that the judgment was unjust and was maliciously rendered.

A judgment is said to be unjust when it is contrary to the standards of conduct prescribed by law.[9] The test to determine whether an order or judgment is unjust may be inferred from the circumstances that it is contrary to law or is not supported by evidence.[10]

The decision herein rests on two legal grounds: first, that there was no unfair competition because the elements of the crime were not sufficiently proven; second, that Jose V. Rosario who was accused as owner/proprietor of COD was not properly charged as his personality is distinct from that of the COD's.

In holding that there was no unfair competition, the respondent judge said that "the seized articles did not come close to the appearance of a genuine Louis Vuitton product".[11] His pronouncement obviously had in mind the test to determine unfair competition which this Court had laid down in the case of U.S. vs. Manuel,[12] to wit:

"x x x whether certain goods have been clothed with an appearance which is likely to deceive the ordinary purchaser exercising ordinary care, x x x."

In so finding that the seized products did not come close to the appearance of genuine Louis Vuittons because they were poorly done, the court considered not only their appearance but other factors as well, such as the price differences between the real and the fake products. Complainant, on the other hand, alleged that they were good workmanship. But, this Court is not in a position to review the evidence and thereafter conclude that the imitation was poorly or excellently done. The findings of fact of the trial court, if supported by substantial evidence, are binding on the Supreme Court.[13] Even on the assumption that the judicial officer has erred in the appraisal of evidence, he cannot be held administratively or civilly liable for his judicial action.[14]

The second ground which was relied upon by the trial court in acquitting the accused finds basis in the well-settled doctrine that a corporation has a distinct personality from that of its stockholders/owners. A corporation is vested by law with a personality of its own, separate and distinct from that of its stockholders and

from that of its officers who manage and run its affairs.[15] Furthermore, Section 23 of the Corporation Code provides:

x x x the corporate powers of all corporations formed under this code shall be exercised, all business conducted, and all property of such corporations controlled and held by the Board of Directors x x x.

This decision is assailed to be unjust mainly because it did not consider the Prosecution's Memorandum with Motion and Motion for Early Resolution filed by private prosecutor, herein complainant, on February 8, 1991 and February 11, 1991, respectively. According to complainant, had respondent judge taken the former motion into account, he would not have acquitted the accused, Jose V. Rosario. Instead, he would have been held guilty for giving others an opportunity to engage in unfair competition as prescribed by Article 189 of the Revised Penal Code.

Respondent judge's judgment cannot be rendered unjust by this alone.

In the first place, it would not have made any difference because Jose v. Rosario was charged as owner/proprietor. COD is not a single proprietorship but one that is run and owned by a corporation, Rosario Bros., Inc., of which the accused is a stockholder and Executive Vice-President. A stockholder generally does not have a hand in the management of the corporate affairs. On the other hand, the Vice-President has no inherent power to bind the corporation.[16] As a general rule, his duties must be specified in the by-laws.[17] In the criminal case, the information did not specify his duties as Executive Vice-President. The trial court had no basis for holding that as such, the accused entered into a contract with the concessionaire thereby giving the latter an opportunity to practice unfair competition. Whereas, Section 23 of the Corporation Code is explicit that the directors, acting as a body, exercise corporate powers and conduct the corporation's business. The board has the sole power and responsibility to decide whether a corporation should enter into any contract or perform any act.[18] The amendment of the charge, as proposed by the private prosecutor, would not in any way affect the application of the doctrine that the corporation has a personality distinct from that of its owners.

Moreover, the finding of the trial court that there is no unfair competition renders the consideration of the motions insignificant. If there was no unfair competition, so would there be no offense of giving others an opportunity to engage in unfair competition since there was no unfair competition to begin with.

Herein complainant also failed to prove malice and deliberate intent on the part of respondent judge to perpetrate an injustice. We hereby quote the decision of this Honorable Court in *Sta. Maria vs. Ubay*,[19] stating that:

"x x x complainant failed to show any unmistakable indication that bad faith motivated the alleged unjust actuations of the respondent judge x x x. Absent, thus, any positive evidence on record that the respondent judge rendered judgment in question with conscious and deliberate intent to do an injustice, the x x x charge of the complainant must fall."

In *Mendoza vs. Villaluz*,[20] this Court has also held:

"x x x it is a fundamental rule of long standing that a judicial officer when required to exercise his judgment or discretion is not criminally liable for any error he commits provided he acts in good faith, that in the absence of malice or any wrongful conduct x x x the judge cannot be held administratively responsible x x x for "no one, called upon to try the facts or interpret the law in the process of administering justice can be infallible in his judgment," and "to hold a judge administratively accountable for every erroneous ruling or decision he renders assuming that he has erred, would be nothing short of harassment or would make his position unbearable"."

This pronouncement has been reiterated by Us in the case of *Miranda vs. Judge Manalastas*,[21] where We said:

"Well established is the rule that mere errors in the appreciation of evidence, unless so gross and patent as to

produce an inference of ignorance or bad faith, or that the judge knowingly rendered an unjust decision, are irrelevant and immaterial in administrative proceedings against him. No one called upon to try the facts or interpret the law in the process of administering justice is infallible in his judgment. All that is expected of him is that he follows the rules prescribed to ensure a fair and impartial hearing, assess the different factors that emerge therefrom and bear on the issues presented, and on the basis of the conclusions he find established, with only his conscience and knowledge of the law to guide him, adjudicate the case accordingly. x x x. If in the mind of the respondent, the evidence for the defense was entitled to more weight and credence, he cannot be held to account administratively for the result of his ratiocination. For that is the very essence of judicial inquiry: otherwise the burdens of judicial office will be intolerable." (underscoring supplied).

A judge cannot be subjected to liability - civil, criminal, or administrative - for any of his official acts, no matter how erroneous, as long as he acts in good faith.[22] In *Pabalan vs. Guevarra*,[23] the Supreme Court spoke of the rationale for this immunity. We held, thus:

"x x x "it is a general principle of the highest importance to the proper administration of justice that a judicial officer, in exercising the authority vested in him, shall be free to act upon his own convictions, without apprehension of personal consequences to himself." This concept of judicial immunity rests upon consideration of public policy, its purpose being to preserve the integrity and independence of the judiciary."

Still, complainant wants Us to apply the *Res Ipsa Loquitur* Doctrine as applied by this Court in the cases of *People vs. Valenzuela*:[24] *Cathay Pacific Airways vs. Romillo*:[25] In *Re: Wenceslao Laureta*:[26] and *Consolidated Bank and Trust Corporation vs. Capistrano*.[27]

That doctrine, however, is not applicable to the case at bar. In similar administrative cases separately filed against Judge Liwag[28] and Judge Dizon,[29] We have ruled that:

"In these *res ipsa loquitur* resolutions, there was on the face of the assailed decisions, an inexplicable grave error bereft of any redeeming feature, a patent railroading of a case to bring about an unjust decision, or a manifestly deliberate intent to wreak (sic) an injustice against a hapless party. The facts themselves, previously proven or admitted, were of such a character as to give rise to a strong inference that evil intent was present. Such intent, in short, was clearly deducible from what was already of record. The *res ipsa loquitur* doctrine does not except or dispense with the necessity of proving the facts on which the inference of evil intent is based. It merely expresses the clearly sound and reasonable conclusion that when such facts are admitted or are already shown by the record, and no credible explanation that would negative the strong inference of evil intent is forthcoming, no further hearing to establish them to support a judgment as to the culpability of a respondent is necessary.

Thus, when asked to explain the clearly gross ignorance of law or the grave misconduct irresistibly reflecting on their integrity, the respondent Judges were completely unable to give any credible explanation or to raise reasonable doubt x x x." (underscoring supplied).

Thus, even granting that *res ipsa loquitur* is appreciable, complainant still has to present proof of malice and bad faith. Respondent judge, on the other hand, may raise good faith as a defense. That good faith is a defense to the charge of knowingly rendering an unjust judgment remains to be the law.[30] He is also given the chance to explain his acts and if such explanation is credible, the court may absolve him of the charge.

In this case, We find that the facts and the explanation rendered by Judge Villanueva justify his absolution from the charge. However, while he is held to be not guilty, he should avoid acts which tend to cast doubt on his integrity. Moreover, his delay in the promulgation of this case deserves a reprimand from this Court as it is contrary to the mandate of our Constitution which enshrines the right of the litigants to a speedy disposition of their cases.

WHEREFORE, in view of the foregoing, this complaint is hereby DISMISSED for lack of merit. Considering the delay in the promulgation of the decision of this case by respondent judge, a reprimand is in order.

SO ORDERED.

Narvasa, C.J., (Chairman), Gutierrez, Jr., Cruz, Feliciano, Padilla, Bidin, Griño-Aquino, Regalado, Davide, Jr., Romero, Nocon, Bellosillo, and Melo, JJ., concur.

[1] Complaint, p. 2.

[2] Prosecution's Memorandum and Motion, p. 54.

[3] MTC Decision, pp. 6-7.

[4] Id., at pp. 7-8.

[5] 97 SCRA 158 (1980).

[6] Supra, note 2 at p. 53.

[7] GUEVERRA, FUNDAMENTALS OF CRIMINAL LAW 426 (8th ed., 1988).

[8] Pabalan vs. Guevarra, 74 SCRA 53 (1976); In Re: Rafael C. Climaco, 55 SCRA 107 (1974).

[9] Buenavista, Jr. vs. Garcia, 187 SCRA 598 (1990).

[10] Ibid.

[11] Supra, note 2 at p. 8.

[12] 7 Phil. 221 (1906).

[13] FNCB Finance vs. Estavillo, 192 SCRA 514 (1990); People vs. Fernandez, 165 SCRA 302 (1988); Manahan vs. People, 167 SCRA 1 (1988).

[14] Pabalan vs. Guevarra, supra, note 8.

[15] Villanueva, et. al. vs. NLRC, G.R. 80374, June 17, 1991; Sulo ng Bayan, Inc. vs. Araneta, Inc., 72 SCRA 347 (1976); De Borja vs. Vasquez, 74 Phil. 560 (1944).

[16] SANTOS, CORPORATE MANAGEMENT AND LAW IN THE PHILIPPINES 76 (1987).

[17] Ibid.

[18] CAMPOS, JR. AND LOPEZ-CAMPOS, THE CORPORATION CODE 341 (v.1, 1991).

[19] 87 SCRA 179 (1978).

[20] 106 SCRA 664 (1981).

[21] A.M. MTJ-88-159, December 21, 1989, citing Vda. de Zabala vs. Hon. Manual Pamaran, 39 SCRA 430 (1971).

[22] Valdez vs. Valera, 81 SCRA 246 (1978).

[23] Supra, note 8, citing Alzua and Arnalot vs. Johnson, 21 Phil. 308, 337-338 (1912) and Gammel vs. Ernst and

Ernst, 245 Minn. 249, N.W. 2d. 364, 54 A.L.R. 2d. 316.

[24] 135 SCRA 712 (1985).

[25] 142 SCRA 262 (1986).

[26] 149 SCRA 570 (1987).

[27] 159 SCRA 47 (1988).

[28] Pilipinas Bank vs. Tirona-Liwag, 190 SCRA 834 (1991).

[29] In Re: Petition for the Dismissal from Service and/or Disbarment of Judge Baltazar R. Dizon, 173 SCRA 719 (1989).

[30] Ibid.

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.