TWIN ACE HOLDINGS CORPORATION, PETITIONER, VS. RUFINA AND COMPANY, RESPONDENT.

G.R. NO. 160191. June 08, 2006

Ponente: CHICO-NAZARIO, J.

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CHICO-NAZARIO, J.:

From the records, it appears that on 3 December 1991, Twin Ace Holdings Corporation (Twin Ace) filed a Complaint[1] for recovery of possession of personal property, permanent injunction and damages with prayer for the issuance of a writ of replevin, temporary restraining order and a writ of preliminary injunction against Rufina and Company (Rufina).

As alleged in the complaint, Twin Ace is a private domestic corporation engaged in the manufacture of rhum, wines and liquor under the name and style "Tanduay Distillers." It has registered its mark of ownership of its bottles with the Bureau of Patent, Trademarks and Technology Transfer under Republic Act No. 623. In the conduct of its business, it sells its products to the public excluding the bottles. It makes substantial investments in brand new bottles which it buys from glass factories and which they use for about five times in order to recover the cost of acquisition. Twin Ace thus retrieves its used empty bottles, washes and uses them over and over again as containers for its products.

On the other hand, Rufina is engaged in the production, extraction, fermentation and manufacture of patis and other food seasonings and is engaged in the buying and selling of all kinds of foods, merchandise and products for domestic use or for export to other countries. In producing patis and other food seasonings, Rufina uses as containers bottles owned by Twin Ace without any authority or permission from the latter. In the process, Rufina is unduly benefited from the use of the bottles.

Upon the posting of Twin Ace of the required bond, the Regional Trial Court (RTC) of Manila, Branch 26, issued an Order dated 5 February 1992 granting the application for the issuance of a writ of replevin.[2] Upon the implementation of the said writ, Deputy Sheriff Amado P. Sevilla was able to seize a total of 26,241 empty bottles marked "TANDUAY DISTILLERY, INC.,"[3] at the address of Rufina.

In its Answer with counter-application for a Writ of Preliminary Injunction, Rufina claimed that the marked bottles it used as containers for its products were purchased from junk dealers; hence, it became the owner thereof.

After hearing, the trial court rendered its decision dated 20 May 1995 the dispositive portion of which states:

> WHEREFORE, PREMISES CONSIDERED, judgment is hereby rendered in favor of the defendant as follows:
>
> a) dismissing the complaint for lack of merit;
>
> b) dissolving the order of replevin;

c) ordering the plaintiff to return 26,241 bottles to the defendant in the place where the bottles were seized at the expense of the plaintiff within 48 hours from receipt hereof;

d) ordering the plaintiff to pay the defendant the sum of P100,000.00 as actual damages sustained by the latter to be taken from the replevin bond;

e) ordering the plaintiff to pay the defendant the sum of P1,000,000.00 as damages for besmirched reputation;

f) ordering the plaintiff to pay the sum of P100,00.00 as nominal damages;

g) ordering the plaintiff to pay the defendant the sum of P50,000.00 as attorney's fee; and

h) ordering the plaintiff to pay the cost of the suit.[4]

Twin Ace appealed to the Court of Appeals. On 27 September 2002, the appellate court rendered its decision[5] modifying the decision of the trial court as follows:

WHEREFORE, in view of all the foregoing, the appealed decision dated May 20, 1995 of Branch 26, Regional Trial Court, Manila, in Civil Case No. 92-59862 is MODIFIED, in that the award of damages, except nominal damages, and attorney's fees is DELETED for lack of legal and factual basis. The award of nominal damages is reduced to P50,000.00. In all other respects, the assailed decision is AFFIRMED.

Costs against plaintiff-appellant.[6]

A motion for reconsideration dated 19 October 2002[7] filed by Twin Ace was denied in a resolution of the Court of Appeals dated 29 September 2003.[8] Hence, this Petition for Review.

For resolution are the following issues:

I.

THE HONORABLE COURT OF APPEALS ERRED IN HOLDING THAT RESPONDENT RUFINA IS NOT COVERED WITHIN THE EXEMPTION PROVIDED BY SECTION 6 OF R.A. 623, AS AMENDED BY R.A. 5700.

II.

THE HONORABLE COURT OF APPEALS ERRED IN AWARDING NOMINAL DAMAGES AGAINST PETITIONER TWIN ACE CONSIDERING THAT IT WAS THE ONE WHOSE RIGHTS HAVE BEEN VIOLATED OR INVADED BY RESPONDENT RUFINA.

III.

THE HONORABLE COURT OF APPEALS ERRED IN NOT FINDING THAT PETITIONER AS OWNER OF THE SUBJECT BOTTLES IS ENTITLED TO COMPENSATION FOR ITS UNAUTHORIZED USE BY RESPONDENT RUFINA.[9]

Pertinent provision of Republic Act No. 623,[10] as amended by Republic Act No. 5700,[11] is quoted hereunder for clarity:

Sec. 2. It shall be unlawful for any person, without the written consent of the manufacturer, bottler, or seller, who has successfully registered the marks of ownership in accordance with the provisions of the next preceding section, to fill such bottles, boxes, kegs, barrels, steel cylinders, tanks, flasks, accumulators, or other similar containers so marked or stamped, for the purpose of sale, or to sell, dispose of, buy or traffic in, or wantonly destroy the same, whether filled or not to use the same for drinking vessels or glasses or drain pipes, foundation pipes, for any other purpose than that registered by the manufacturer, bottler or seller. Any violation of this section shall be punished by a fine of not more than one thousand pesos or imprisonment of

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> not more than one year or both.
>
> Sec. 3. The use by any person other than the registered manufacturer, bottler or seller, without written permission of the latter of any such bottle, cask, barrel, keg, box, steel cylinders, tanks, flasks, accumulators, or other similar containers, or the possession thereof without written permission of the manufacturer, by any junk dealer or dealer in casks, barrels, kegs, boxes, steel cylinders, tanks, flasks, accumulators, or other similar containers, the same being duly marked or stamped and registered as herein provided, shall give rise to a prima facie presumption that such use or possession is unlawful.[12]
>
> Sec. 4. The criminal action provided in this Act shall in no way affect any civil action to which the registered manufacturer, bottler, or seller, may be entitled by law or contract.
>
> Sec. 5. No action shall be brought under this Act against any person to whom the registered manufacturer, bottler, or seller, has transferred by way of sale, any of the containers herein referred to, but the sale of the beverage contained in the said containers shall not include the sale of the containers unless specifically so provided.
>
> Sec. 6. The provisions of this Act shall not be interpreted as prohibiting the use of bottles as containers for "sisi," "bagoong," "patis," and similar native products.[13]

In sum, Twin Ace asserts that the provision under the law affords protection only to small scale producers/manufacturers who do not have the capacity to buy new bottles for use in their products and cannot extend to Rufina which had unequivocably admitted in its Answer[14] and affirmed in the decision of the trial court that it is engaged, on a large scale basis, in the production and manufacture of food seasonings.

For its part, Rufina counters that the law did not really distinguish between large scale manufacturers and small time producers.

The petition is not meritorious.

The earlier case of Twin Ace Holdings Corporation v. Court of Appeals,[15] applies to the present petition. In said case, Twin Ace filed a Complaint for Replevin against Lorenzana Food Corporation to recover three hundred eighty thousand bottles allegedly owned by Twin Ace but detained and used by Lorenzana Food Corporation as containers for its native products without its express permission, in violation of the law. In that case, this Court acknowledged that the exemption under the law is unqualified as the law did not make a distinction that it only applies to small scale industries but not to large scale manufacturers. Thus, even if the court in said case held that the exemption is primarily meant to give protection to small scale industries, it did not qualify that the protection therein was intended and limited only to such. The Court held:

> Petitioner itself alleges that respondent LORENZANA uses the subject 350 ml., 375 ml. and 750 ml. bottles as containers for processed foods and other related products such as patis, toyo, bagoong, vinegar and other food seasonings. Hence, Sec. 6 squarely applies in private respondent's favor. Obviously, the contention of TWIN ACE that the exemption refers only to criminal liability but not to civil liability is without merit. It is inconceivable that an act specifically allowed by law, in other words legal, can be the subject of injunctive relief and damages. Besides, the interpretation offered by petitioner defeats the very purpose for which the exemption was provided.
>
> Republic Act No. 623, "An Act to Regulate the Use of Duly Stamped or Marked Bottles, Boxes, Casks, Kegs, Barrels and Other Similar Containers," as amended by RA No. 5700, was meant to protect the intellectual property rights of the registrants of the containers and prevent unfair trade practices and fraud on the public. However, the exemption granted in Sec. 6 thereof was deemed extremely necessary to provide assistance and incentive to the backyard, cottage and small-scale manufacturers of indigenous native products such as patis, sisi and toyo who do not have the capital to buy brand new bottles as containers nor afford to pass the added

> cost to the majority of poor Filipinos who use the products as their daily condiments or viands. If the contention of petitioner is accepted, i.e., to construe the exemption as to apply to criminal liability only but not to civil liability, the very purpose for which the exemption was granted will be defeated. None of the small-scale manufacturers of the indigenous native products protected would possibly wish to use the registered bottles if they are vulnerable to civil suits. The effect is a virtual elimination of the clear and unqualified exemption embodied in Sec. 6. It is worthy to note that House Bill No. 20585 was completely rejected because it sought to expressly and directly eliminate that which petitioner indirectly proposes to do with this petition.[16] (Emphasis supplied.)

It is worth noting that Lorenzana Food Corporation which prevailed in the case filed by Twin Ace against it is certainly not a small scale industry. Just like Rufina, Lorenzana Food Corporation also manufactures and exports processed foods and other related products, e.g., patis, toyo, bagoong, vinegar and other food seasonings.

It is a basic rule in statutory construction that when the law is clear and free from any doubt or ambiguity, there is no room for construction or interpretation. As has been our consistent ruling, where the law speaks in clear and categorical language, there is no occasion for interpretation; there is only room for application.[17]

Notably, attempts to amend the protection afforded by Section 6 of Republic Act No. 623, by giving protection only to small scale manufacturers or those with a capitalization of five hundred thousand pesos or less (P500,000.00), through then House Bill No. 20585,[18] and subsequently through House Bill No. 30400,[19] proved unsuccessful as the amendment proposed in both Bills was never passed.

In view of these considerations, we find and so hold that the exemption contained in Section 6 of Rep. Act No. 623 applies to all manufacturers of sisi, bagoong, patis and similar native products without distinction or qualification as to whether they are small, medium or large scale.

On the issue of nominal damages, Article 2222 of the Civil Code[20] states that the court may award nominal damages in every obligation arising from any source enumerated in Article 1157,[21] or in every other case where any property right has been invaded.[22] Nominal damages are given in order that a right of the plaintiff, which has been violated or invaded by the defendant, may be vindicated or recognized, and not for the purpose of indemnifying the plaintiff for any loss suffered by him.[23] In another case,[24] this Court held that when plaintiff suffers some species of injury not enough to warrant an award of actual damages, the court may award nominal damages. Considering the foregoing, we find that the award of nominal damages to Rufina in the amount of fifty thousand pesos (P50,000.00) is reasonable, warranted and justified.

As to the third issue, Rule 60, Section 2(a), of the Revised Rules of Court mandates that a party praying for the recovery of possession of personal property must show by his own affidavit or that of some other person who personally knows the facts that he is the owner of the property claimed, particularly describing it, or is entitled to the possession thereof.[25] It must be borne in mind that replevin is a possessory action the gist of which focuses on the right of possession that, in turn, is dependent on a legal basis that, not infrequently, looks to the ownership of the object sought to be replevied.[26] Wrongful detention by the defendant of the properties sought in an action for replevin must be satisfactorily established. If only a mechanistic averment thereof is offered, the writ should not be issued.[27] In this case, Twin Ace has not shown that it is entitled to the possession of the bottles in question and consequently there is thus no basis for the demand by it of due compensation. As stated by the court in the earlier case of Twin Ace Holdings Corporation v. Court of Appeals[28]:

> Petitioner cannot seek refuge in Sec. 5 of RA No. 623 to support its claim of continuing ownership over the subject bottles. In United States v. Manuel [7 Phil. 221 (1906)] we held that since the purchaser at his discretion could either retain or return the bottles, the transaction must be regarded as a sale of the bottles when the purchaser actually exercised that discretion and decided not to return them to the vendor. We also take

> judicial notice of the standard practice today that the cost of the container is included in the selling price of the product such that the buyer of liquor or any such product from any store is not required to return the bottle nor is the liquor placed in a plastic container that possession of the bottle is retained by the store.

WHEREFORE, premises considered, the instant petition is DENIED for lack of merit and the decision dated 27 September 2002 and resolution dated 29 September 2003, in CA-G.R. CV No. 52852, both of the Court of Appeals are Affirmed.

SO ORDERED.

Panganiban, C.J., (Chairperson), Austria-Martinez, (Acting Chairman), and Callejo, Sr., JJ., concur.
Ynares-Santiago, J., on leave.

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[1] Records, Vol. I, pp. 1-8.[2] Id., p. 67.[3] Rollo, Annex B, p. 83.[4] Penned by Judge Guillermo L. Loja, Sr., Rollo, pp. 160-161.[5] Docketed as CA-G.R. CV No. 52852, penned by Associate Justice Sergio L. Pestaño with Associate Justices Eloy R. Bello, Jr. and Teodoro P. Regino concurring.[6] Rollo, p. 49-A.

[7] CA rollo, pp. 118- 129.[8] Rollo, p. 52[9] Id., p. 239.[10] AN ACT TO REGULATE THE USE OF DULY STAMPED OR MARKED BOTTLES, BOXES, CASKS, KEGS, BARRELS AND OTHER SIMILAR CONTAINERS.[11] AN ACT AMENDING CERTAIN SECTIONS OF REPUBLIC ACT NUMBERED SIX HUNDRED TWENTY-THREE AS TO INCLUDE THE CONTAINERS OF COMPRESSED GASES WITHIN THE PURVIEW OF THE SAID ACT.[12] Republic Act No. 5700.[13] Republic Act No. 623.[14] "7. That with respect to paragraph 9, it admits that it produces patis on a large scale at its big factory in 290 C. Arellano Street, Malabon, Metro Manila and that it distributes the same to supermarkets and big grocery stores and exports the same but denies the rest of the allegations of the paragraph; x x x. (Rollo, p. 111.)[15] 345 Phil. 1133 (1997).[16] Id., pp. 1139-1140.[17] Rizal Commercial Banking Corporation v. Intermediate Appellate Court, 378 Phil. 10, 22 (1999) citing Cebu Portland Cement Co. v. Municipality of Naga, Cebu, 133 Phil. 695, 699 (1968); Carriaga v. Judge Anasario, 444 Phil. 685, 690 (2003).[18] "An Act Prohibiting The Use of Duly Registered and Marked Containers Of Liquor, Wines and Spirits As Containers For "Sisi", "Bagoong", "Patis" and Similar Native Products Amending for the Purpose Republic Act No. Six Hundred Twenty-Three, As Amended, And Increasing Penalty For Violation Therefor." (Records, Vol. I, pp. 259-260.)[19] "An Act Prohibiting The Use of Duly Registered and Marked Containers for any purpose other than that registered amending for the purpose of Republic Act Numbered Six Hundred Twenty-Three, As Amended, and Increasing The Penalty For Violation Therefor." (Records, Vol. I, p. 262).[20] Art. 2222. The court may award nominal damages in every obligation arising from any source enumerated in Article 1157, or in every case where any property right has been invaded.[21] Art. 1157. Obligations arise from:

(1) Law;

(2) Contracts;

(3) Quasi-contracts;

(4) Acts or omissions punished by law; and

(5) Quasi-delicts.

[22] Cogeo-Cubao Operators and Drivers Association v. Court of Appeals, G.R. No. 100727, 18 March 1992, 207 SCRA 343, 347. [23] Citytrust Banking Corporation v. Intermediate Appellate Court, G.R. No.84281, 27 May 1994, 232 SCRA 559, 565; National Power Corporation v. Spouses Campos, 453 Phil. 79, 98 (2003).[24] China

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Airlines, Ltd., v. Court of Appeals, G.R. No. 129988, 14 July 2003, 406 SCRA 113, 134.[25] Sec. 1. Application. - A party praying for the recovery of possession of personal property may, at the commencement of the action or at any time before answer, apply for an order for the delivery of such property to him, in the manner hereinafter provided.

Sec. 2. Affidavit and bond. - The applicant must show by his own affidavit or that of some other person who personally knows the facts:

> (a) That the applicant is the owner of the property claimed, particularly describing it, or is entitled to the possession thereof;
> (b) That the property is wrongfully detained by the adverse party, alleging the cause of detention thereof according to the best of his knowledge, information, and belief; x x x.
> (Rule 60, REPLEVIN, Revised Rules of Court.).

[26] Distilleria Washington, Inc. v. Court of Appeals, 331 Phil. 622, 630 (1996).[27] Factoran, Jr., v. Court of Appeals, 378 Phil. 282, 294 (1999).[28] Supra note 15, p. 1140.

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