

CATERPILLAR, INC., PETITIONER, VS. MANOLO P. SAMSON, RESPONDENT.

G.R. NO. 164605. October 27, 2006

Ponente: CHICO-NAZARIO, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-164605/>

CHICO-NAZARIO, J.:

This is a Petition For Review on Certiorari under Rule 45 of the 1997 Rules of Court, as amended, seeking to set aside the Decision[1] of the Court of Appeals dated 25 May 2004. The Court of Appeals in its assailed Decision upheld the Order[2] of the Regional Trial Court (RTC) of Mandaluyong City, Branch 214, dated 16 May 2003, in Search Warrant Cases Nos. 02-044 to 02-048 directing the immediate release of the articles seized pursuant to the search warrants issued therein; and the Order[3] dated 10 November 2003 denying the motion for reconsideration thereof.

Petitioner Caterpillar, Inc. is a foreign corporation engaged in the business of manufacturing shoes, clothing items, among others. Upon the request of petitioner, the Regional Intelligence Investigation Division-National Capital Region Police Office (RIID- NCRPO) filed on 22 August 2002 search warrant applications against respondent Manolo P. Samson for violations of unfair competition, provided under Section 168.3(a) in relation to Sections 131.3, 123(e) and 170 of Republic Act No. 8293, otherwise known as the Intellectual Property Code.[4] On the same day, the trial court issued five search warrants (Search Warrants Nos. 02-044 to 02-048) against respondent and his business establishments, namely: Itti Shoes Corporation, Kolm's Manufacturing, and Caterpillar Boutique and General Merchandise. Pursuant to the aforementioned search warrants, various merchandise-- garments, footwear, bags, wallets, deodorant sprays, shoe cleaners and accessories-- all bearing the trademarks "CAT," "CAT AND DESIGN," "CATERPILLAR," "CATERPILLAR AND DESIGN," "WALKING MACHINES" and/or "Track-type Tractor and Design" were seized on 27 August 2002.[5]

On 21 October 2002, respondent filed a Consolidated Motion to Quash Search Warrants Nos. 02-044 to 02-048. Pending the resolution thereof, RIID-NCRPO filed five complaints against the respondent and his affiliate entities before the Department of Justice (DOJ). On 16 May 2003, the trial court issued an order denying the respondent's motion to quash, but nevertheless directed the release of the articles seized on the ground that no criminal action had been commenced against respondent.[6] The dispositive portion of the said Order[7] is quoted hereunder:

WHEREFORE, all the foregoing considered, the consolidated motions (sic) to quash Search Warrants (SW-02-044 to SW-02-048) is DENIED. However, since no criminal action has been commenced yet, private complainant is directed to immediately return to respondent the seized items, as (sic) per inventory submitted to this court, and now kept at the Nissan Gallery, 138 Quezon Avenue, Quezon City with the undertaking from the latter that said seized items be produced when required by the court.

The Motion for Partial Reconsideration filed by the petitioner on 30 May 2003 was denied by the trial court in an Order dated 10 November 2003.[8]

The petitioner filed an appeal via certiorari under Rule 65 of the 1997 Rules of Court. In a Decision dated 25 May

2004, the Court of Appeals denied the Petition for lack of merit ruling that there was no arbitrariness in the way the trial court exercised its discretionary power to release the items seized in the absence of a criminal action filed in court. The Court of Appeals also noted that the criminal complaints filed before the DOJ that underwent preliminary investigation were all dismissed by the investigating prosecutor. It further reasoned that even if the DOJ's order of dismissal is overturned, the respondent executed an undertaking to produce the said items in court, if so ordered. Moreover, the respondent never denied the existence of the items and raised as his defense his right as a prior registrant.[9]

Hence, this petition, where petitioner raised the following issues:

I.

THE COURT OF APPEALS COMMITTED SERIOUS REVERSIBLE ERROR IN UPHOLDING THE IMMEDIATE RETURN OF THE SEIZED ITEMS ON THE GROUND THAT NO CRIMINAL ACTION HAD BEEN FILED IN COURT AGAINST THE PRIVATE RESPONDENT.

II.

THE COURT OF APPEALS SERIOUSLY ERRED IN RULING THAT THE SUBSEQUENT DISMISSAL BY THE INVESTIGATING STATE PROSECUTOR OF THE CRIMINAL COMPLAINTS AGAINST RESPONDENT JUSTIFIES THE RETURN OF THE SEIZED ITEMS.[10]

This petition must be denied.

Pending the disposition of this case, the Chief State Prosecutor, in a Joint Resolution[11] dated 18 June 2004, denied the motion for reconsideration filed by the petitioner seeking to set aside the Joint Resolution issued by the State Prosecutor[12] dated 21 August 2003, dismissing the complaints filed against the respondent. The respondent alleged this in his Comment dated 30 September 2004[13] and again in his Memorandum, filed on 4 May 2005.[14] The records, however, show that the petitioner failed to allege that it filed a petition for review before the Secretary of Justice to appeal the aforementioned Joint Resolution, in accordance with the 2000 National Prosecution Service Rules on Appeal. Thus, it may be reasonably concluded that the Joint Resolution of the DOJ has become final, and no criminal case will be filed in connection with the five search warrants that were issued by the trial court. Furthermore, no civil case was filed in connection with the articles seized. Since there is no pending criminal and civil case in connection with the articles seized, the return of the said articles to the respondent are, but, a matter of course.

Notwithstanding that the Joint Resolution, dated 18 June 2004, had rendered moot the issues raised by the petitioner before this Court, the issue of whether the trial court acted arbitrarily when it denied the motion to quash the Warrants of Search and Seizure and yet released the articles seized, would still need to be resolved. The petitioner asserts that the seized articles can only be returned when a criminal case can no longer possibly materialize since the seized articles are crucial to the eventual prosecution of the respondent.[15]

The petitioner's assertion is incongruent with the peculiar circumstances of this case. The articles seized - the thousands of articles of clothing, footwear, and accessories, among others - had little, if any, evidentiary value for the criminal action for unfair competition, which the petitioner expected to file.

An action for unfair competition is based on the proposition that no dealer in merchandise should be allowed to dress his goods in simulation of the goods of another dealer, so that purchasers desiring to buy the goods of the latter would be induced to buy the goods of the former.[16] The most usual devices employed in committing this crime are the simulation of labels and the reproduction of form, color and general appearance of the package used by the pioneer manufacturer or dealer.[17]

In this case, the petitioner specifically identified the device employed by the respondent in deceiving the public

into believing the goods that the latter sells are those manufactured by the former - the imitation of the trademarks allegedly owned by the petitioner, namely, "CAT," "CATERPILLAR," "CATERPILLAR AND DESIGN," "WALKING MACHINES" and/or "Track-type Tractor and Design" and the depictions of heavy machinery and equipment, which the petitioner uses to market its products, as well as the statements "LICENSED MERCHANDISE CATERPILLAR, INC." and "WE SHAPE THE THINGS WE BUILD, THEREAFTER THEY SHAPE US" found on the articles themselves or on their packaging.

The respondent does not dispute the use of such trademarks and admitted that he owned the articles seized. He even raises the defense that he is the registered owner of the aforementioned trademarks, and that he had prior use of such trademarks for his line of products in the Philippines, which he extensively marketed. He also claims that, even at present, petitioner markets its products only in some Duty Free shops, therefore has not established any goodwill in the Philippines that will enable the consumers to confuse the respondent's products with those of the petitioner's.[18]

The admissions of the respondent are sufficient to establish that he used such trademarks in order to sell merchandise at a commercial scale, and that the actual products manufactured by the respondent need not be presented to prove such fact. In addition, the Court of Appeals correctly notes in its assailed Decision[19] that:

Moreover, granting *arguendo* that the DOJ order of dismissal would be overturned, to guarantee the return of the seized items, the public respondent required the execution of an undertaking that the private respondent would produce the said items in court if so ordered. If the private respondent would not comply with the court order, the petitioner could avail of legal safeguards and remedies like having the private respondent be cited in contempt of court. He could also move that the criminal court take judicial notice of the legal seizure or consider the list of the seized items as secondary evidence thereof. Also in his favor is the presumption that the seized items if (not) produced, would be adverse to the party withholding them.

Should there have been a need to examine the actual merchandise sold by the respondent, sufficient sample has already been obtained by the prosecution. It is alleged in the Affidavits that were executed pursuant to the Application for the Search Warrants Nos. MC-02-044 to MC-02-048,[20] and in the Motion for Reconsideration (of the 21 August 2003 Joint Resolution),[21] filed on 19 September 2003 before the DOJ, attached as Annex "J" of the petitioner's Petition for Certiorari before the Court of Appeals, that as part of the investigation was conducted by the RIID-NCRPO, sample purchases were made of leather shoes, shoe conditioner, jeans, shirts, socks, belt, and a wallet from various branches of stores owned by the respondent. The samples obtained from the sample purchases are sufficient to represent the thousands of articles that were seized, making it doubtful that the prosecution would have presented each and every article seized from the respondent's stores. More likely, the court would not have allowed the presentation of superfluous evidence. The merchandise was also photographed, and more detailed photographs were taken of the particular parts of the merchandise where the trademarks in dispute were attached or used. These photographs were in fact attached to the aforementioned affidavits and Motion for Reconsideration, and respondent had not denied that these were items bought from his store. Given the availability of actual samples, as well as their photographs, there is no need for the court to take custody of the countless articles seized.

Lastly, it should be noted that there is no law prohibiting the trial court from returning the articles seized before a case is actually filed in court and even before the final determination of the prosecutor or the DOJ on whether a case should be filed in court. In most cases, the release of the articles seized would be unjustified. However, in the particular circumstances of this case, the return of the items would better serve the purposes of justice and expediency.

There exists a constitutional safeguard against unreasonable searches and seizures,[22] which refers to the

immunity of one's person from interference by the government, included in which is his residence, his papers and other possessions.[23] The Constitution, however, does not provide a blanket prohibition against all searches and seizures, rather the fundamental protection accorded by the search and seizure clause is that between persons and the police, there must stand the protective authority of a magistrate clothed with the power to issue or refuse such search warrant.[24] Yet, the responsibilities of the magistrate do not end with the granting of the warrant, but extends to the custody of the articles seized. In exercising custody over these articles, the property rights of the owner should be balanced with the social need to preserve evidence, which will be used in the prosecution of a case.

In the instant case, no criminal action had been prosecuted for almost a year. Thus, the court had been left with the custody of highly depreciable merchandise. More importantly, these highly depreciable articles would have been superfluous if presented as evidence for the following reasons: (1) the respondent had already admitted that he is the owner of the merchandise seized, which made use of the trademarks in dispute; (2) the court required the respondent to execute an undertaking to produce the articles seized when the court requires and had already in its possession a complete inventory of the items seized as secondary evidence; (3) actual samples of the respondent's merchandise are in the possession of the police officers who had applied for the search warrant, and photographs thereof had been made part of the records, and respondent did not dispute that these were obtained from his stores. Where the purpose of presenting as evidence the articles seized is no longer served, there is no justification for severely curtailing the rights of a person to his property.

In ordering the return of the articles seized, the trial court had reasonably exercised its discretion in determining from the circumstances of the case what constitutes a reasonable and unreasonable search and seizure. The belief that to value the privacy of home and person and to afford its constitutional protection against the long reach of the government is no less than to value human dignity, and that this privacy must not be disturbed except in the overriding social need, and then only under the stringent procedural rules.[25]

WHEREFORE, premises considered, this Court DENIES this petition, and AFFIRMS the Decision of the Court of Appeals in CA-G.R. SP No. 80899, dated 25 May 2004. Costs against petitioner.

SO ORDERED.

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

[1] Penned by Associate Justice Jose Catral Mendoza with Associate Justices Ruben T. Reyes and Bienvenido L. Reyes, concurring; rollo, pp. 30-35.

[2] CA rollo, pp. 26-29.

[3] Id. at 30.

[4] 168.3. In particular, and without in any way limiting the scope of protection against unfair competition, the following shall be deemed guilty of unfair competition:

- a) Any person, who is selling his goods and gives them the general appearance of goods of another manufacturer or dealer, either as to the goods themselves or in the wrapping of the packages in which they are contained, or the devices or words thereon, or in any other feature of their appearance, which would be likely to influence purchasers to believe that the goods offered are those of a manufacturer or dealer, other than the actual manufacturer or dealer, or who otherwise clothes the goods with such appearance as shall deceive the public and defraud another of his legitimate trade, or any subsequent vendor of such goods or any agent of any vendor engaged in selling such goods with a like purpose.

131.3 Nothing in this section shall entitle the owner of a registration granted under this section to sue for acts committed prior to the date on which his mark was registered in this country: Provided, That, notwithstanding the foregoing, the owner of a well-known mark as defined in Section 123.1(e) of this Act, that is not registered in the Philippines, may, against an identical or confusingly similar mark, oppose its registration, or petition the cancellation of its registration or sue for unfair competition, without prejudice to availing himself of other remedies provided for under the law.

123.1 A mark cannot be registered if it:

x x x x

e) Is identical with, or confusingly similar to, or constitutes a translation of a mark which is considered by the competent authority of the Philippines to be well-known internationally and in the Philippines, whether or not it is registered here, as being already the mark of a person other than the applicant for registration, and used for identical or similar goods or services: Provided, That in determining whether a mark is well-known, account shall be taken of the knowledge of the relevant sector of the public, rather than of the public at large, including knowledge in the Philippines which has been obtained as a result of the promotion of the mark;

[5] Rollo, 5-6.

[6] Id. at 31.

[7] CA rollo, p. 29.

[8] Id. at 30.

[9] Rollo, p. 34-35.

[10] Id. at 12-13.

[11] Id. at 203-209.

[12] Id. at 182-202.

[13] Id. at 173.

[14] Id. at 272-273.

[15] Rollo, p. 17.

[16] Alhambra Cigar etc. Co. v. Compañia Gral. De Tabacos, 35 Phil 62, 72 (1916).

[17] E. Spinner & Co. v. Neuss Hesslein Corporation, 54 Phil 224, 232 (1930).

[18] Rollo, pp. 49-56.

[19] Id. at 35

[20] Records, Folders 1-5.

[21] CA rollo, pp. 120-123.

[22] Article III, Section 2, of the 1987 Constitution provides that:

The right of the people to be secure in their persons, houses, papers and effects against unreasonable searches and seizures of whatever nature and for any purpose shall be inviolable, and no search warrant or warrant of arrest shall issue except upon probable cause to be determined personally by the judge after examination under oath or affirmation of the complainant and the witnesses he may produce, and particularly describing the place

to be searched and the persons or things to be seized.

[23] Villanueva v. Querubin , 150-C Phil 519, 524 (1972).

[24] People v. Libnao, G.R. No. 136860, 20 January 2003, 395 SCRA 407, 413.

[25] Villanueva v. Querubin, supra note 23 at 525.

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.