# ZUNECA PHARMACEUTICAL, AKRAM ARAIN AND/OR VENUS ARAIN, M.D. DBA ZUNECA PHARMACEUTICAL, PETITIONERS, VS. NATRAPHARM, INC., RESPONDENT.

*G.R. No. 197802. November 11, 2015*

Ponente: VILLARAMA, JR., J.

Read online (full-text search, related cases, audio case brief): https://batas.org/library/g-r-no-197802/

**VILLARAMA, JR., J.:**

This is a petition for review[1] under Rule 45 of the 1997 Rules of Civil Procedure, as amended, assailing the April 18, 2011 Decision[2] and July 21, 2011 Resolution[3] of the Court of Appeals (CA) in the petition for certiorari docketed as CA-G.R. SP No. 103333 granting a permanent injunction in favor of respondent Natrapharm, Inc. and against petitioner Zuneca Pharmaceutical.

The facts follow:

Respondent is an all-Filipino pharmaceutical company which manufactures and sells a medicine bearing the generic name "CITICOLINE," which is indicated for heart and stroke patients. The said medicine is marketed by respondent under its registered trademark "ZYNAPSE," which respondent obtained from the Intellectual Property Office (IPO) on September 24, 2007 under Certificate of Trademark Registration No. 4-2007-005596. With its registration, the trademark "ZYNAPSE" enjoys protection for a term of 10 years from September 24, 2007.[4]

In addition, respondent obtained from the Bureau of Food and Drugs (BFAD) all necessary permits and licenses to register, list and sell its "ZYNAPSE" medicine in its various forms and dosages.[5]

Allegedly unknown to respondent, since 2003 or even as early as 2001, petitioners have been selling a medicine imported from Lahore, Pakistan bearing the generic name "CARBAMAZEPINE," an anti-convulsant indicated for epilepsy, under the brand name "ZYNAPS," which trademark is however not registered with the IPO. "ZYNAPS" is pronounced exactly like "ZYNAPSE."[6]

Respondent further alleged that petitioners are selling their product "ZYNAPS" CARBAMAZEPINE in numerous drugstores in the country where its own product "ZYNAPSE" CITICOLINE is also being sold.[7]

Moreover, respondent claimed that the drug CARBAMAZEPINE has one documented serious and disfiguring side-effect called "Stevens-Johnson Syndrome," and that the sale of the medicines "ZYNAPSE" and "ZYNAPS" in the same drugstores will give rise to medicine switching.[8]

On October 30, 2007, respondent sent petitioners a cease-and-desist demand letter, pointing out that:

> - "ZYNAPSE" is the registered trademark of [respondent], and that as such owner, it has exclusive trademark right under the law to the use thereof and prevent others from using identical or confusingly similar marks, and that [petitioners] must stop the use of "ZYNAPS" for being nearly identical to "ZYNAPSE"; and
>
> - Because there is confusing similarity between "ZYNAPSE" and "ZYNAPS," there is a danger of medicine switching, with the patient on "ZYNAPSE" medication placed in a more injurious situation given the

> Steven-Johnson Syndrome side effect of the "ZYNAPS" CARBAMAZEPINE.[9]

Petitioners refused to heed the above demand, claiming that they had prior use of the name "ZYNAPS" since year 2003, having been issued by the BFAD a Certificate of Product Registration (CPR) on April 15, 2003, which allowed them to sell CARBAMAZEPINE under the brand name "ZYNAPS."[10]

On November 29, 2007, respondent filed a complaint against petitioners for trademark infringement for violation of Republic Act (R.A.) No. 8293, or the Intellectual Property Code of the Philippines (IPC), with prayer for a temporary restraining order (TRO) and/or writ of preliminary injunction. To justify the TRO/writ of preliminary injunction, respondent cited Section 122[11] of R.A. No. 8293, under which the registration of "ZYNAPSE" gives it the exclusive right to use the said name as well as to exclude others from using the same.[12] In addition, respondent argued that under Sections 138[13] and 147.1[14] of the IPC, certificates of registration are prima facie evidence of the registrant's ownership of the mark and of the registrant's exclusive right to use the same.[15] Respondent also invoked the case of Conrad and Company, Inc. v. Court of Appeals[16] where it was ruled that an invasion of a registered mark entitles the holder of a certificate of registration thereof to injunctive relief.[17]

In their answer, petitioners argued that they enjoyed prior use in good faith of the brand name "ZYNAPS," having submitted their application for CPR with the BFAD on October 2, 2001, with the name "ZYNAPS" expressly indicated thereon. The CPR was issued to them on April 15, 2003.[18] Moreover, petitioners averred that under Section 159[19] of the IPC their right to use the said mark is protected.[20]

In its December 21, 2007 Order,[21] the Regional Trial Court (RTC) denied respondent's application for a TRO, ruling that even if respondent was able to first register its mark "ZYNAPSE" with the IPO in 2007, it is nevertheless defeated by the prior actual use by petitioners of "ZYNAPS" in 2003.

In its March 12, 2008 Order,[22] the RTC denied the application for a writ of preliminary injunction, reiterating the reasons stated in the order denying the application for a TRO:

> In this Court's objective evaluation, neither party is, at this point, entitled to any injunctive solace. Plaintiff, while admittedly the holder of a registered trademark under the IPC, may not invoke ascendancy or superiority of its CTR [certificate of trademark registration] over the CPR [certificate of product registration of the BFAD] of the defendants, as the latter certificate is, in the Court's opinion, evidence of its "prior use". Parenthetically, the plaintiff would have been entitled to an injunction as against any or all third persons in respect of its registered mark under normal conditions, that is, in the event wherein Section 159.1 would not be invoked by such third person. Such is the case however in this litigation. Section 159 of the IPC explicitly curtails the registrant's rights by providing for limitations on those rights as against a "prior user" under Section 159.1 xxx.[23]

Via a petition for certiorari with an application for a TRO and/or a writ of preliminary injunction, respondent questioned before the CA the RTC's denial of the application for a writ of preliminary injunction.

On June 17, 2008, the CA issued a Resolution[24] denying respondent's application for TRO and/or preliminary injunction for lack of merit. The CA found no compelling reason to grant the application for TRO and/or preliminary injunction because there was no showing that respondent had a clear and existing right that will be violated by petitioners. Respondent moved for reconsideration but was denied by the CA in its July 31, 2008 Resolution.[25]

However, contrary to its earlier resolutions denying the application for a TRO/preliminary injunction, the CA, in its April 18, 2011 Decision, upheld the allegations of respondent that it is entitled to injunctive relief on the basis of its IPO registration and permanently enjoined petitioners from the commercial use of "ZYNAPS." The fallo of the CA Decision reads:


*Bar review courses, mock exams and a study planner that keeps you on pace - batas.org*

> WHEREFORE, premises considered, the Petition for Certiorari is GRANTED. The assailed Omnibus Order dated 12 March 2008 of the Regional Trial Court, Branch 93 of Quezon City in Civil Case No. Q-07-61561 is REVERSED and SET ASIDE, and a new one is entered permanently ENJOINING defendants-respondents, their employees, agents, representatives, dealers, retailers, and/or assigns, and any and all persons acting in their behalf, from manufacturing, importing, distributing, selling and/or advertising for sale, or otherwise using in commerce, the anti-convulsant drug CARBAMAZEPINE under the brand name and mark "ZYNAPS," or using any other name which is similar or confusingly similar to petitioner's registered trademark "ZYNAPSE," including filing of application for permits, license, or certificate of product registration with the Food and Drug Administration and other government agencies.
>
> SO ORDERED.[26] (Underscoring and additional emphasis supplied)

Petitioners' motion for reconsideration was denied by the CA in its Resolution dated July 21, 2011.

Hence, this petition for review.

On December 2, 2011, the RTC rendered a Decision[27] on the merits of the case. It found petitioners liable to respondent for damages. Moreover, it enjoined the petitioners from using "ZYNAPS" and ordered all materials related to it be disposed outside the channel of commerce or destroyed without compensation.[28]

Respondent moved to dismiss the present petition in view of the December 2, 2011 RTC Decision which functions as a full adjudication on the merits of the main issue of trademark infringement. Respondent contended that the present petition is moot and academic, it only involving an ancillary writ.[29]

Petitioners, on the other hand, opposed the motion to dismiss arguing that the December 2, 2011 RTC Decision had not yet attained finality, thus, the present petition had not yet been rendered moot.

The two issues which need to be addressed are:

1) Whether the decision on the merits rendered the issues in this case moot and academic? and

2) Whether the CA may order a permanent injunction in deciding a petition for certiorari against the denial of an application for a preliminary injunction issued by the RTC?

We hold that the issues raised in the instant petition have been rendered moot and academic given the RTC's December 2, 2011 Decision on the merits of the case.

Rule 58 of the Rules of Court provides for both preliminary and permanent injunction. Section 1, Rule 58 provides for the definition of preliminary injunction:

> SECTION 1. Preliminary injunction defined; classes. — A preliminary injunction is an order granted at any stage of an action or proceeding prior to the judgment or final order, requiring a party or a court, agency or a person to refrain from a particular act or acts. It may also require the performance of a particular act or acts, in which case it shall be known as a preliminary mandatory injunction. (Emphasis supplied)

On the other hand, Section 9 of the same Rule defines a permanent injunction in this wise:

> SEC. 9. When final injunction granted. — If after the trial of the action it appears that the applicant is entitled to have the act or acts complained of permanently enjoined, the court shall grant a final injunction perpetually restraining the party or person enjoined from the commission or continuance of the act or acts or confirming the preliminary mandatory injunction. (Emphasis supplied)

A writ of preliminary injunction is generally based solely on initial and incomplete evidence.[30] The evidence submitted during the hearing on an application for a writ of preliminary injunction is not conclusive or complete

for only a sampling is needed to give the trial court an idea of the justification for the preliminary injunction pending the decision of the case on the merits.[31] As such, the findings of fact and opinion of a court when issuing the writ of preliminary injunction are interlocutory in nature and made even before the trial on the merits is commenced or terminated.[32]

By contrast a permanent injunction, based on Section 9, Rule 58 of the Rules of Court, forms part of the judgment on the merits and it can only be properly ordered only on final judgment. A permanent injunction may thus be granted after a trial or hearing on the merits of the case and a decree granting or refusing an injunction should not be entered until after a hearing on the merits where a verified answer containing denials is filed or where no answer is required, or a rule to show cause is equivalent to an answer.[33]

As such a preliminary injunction, like any preliminary writ and any interlocutory order, cannot survive the main case of which it is an incident; because an ancillary writ of preliminary injunction loses its force and effect after the decision in the main petition.[34]

In Casilan v. Ybañez,[35] this Court stated:

> As things stand now, this Court can no longer interfere with the preliminary injunctions issued by the Leyte court in its cases Nos. 2985 and 2990, because such preliminary writs have already been vacated, being superseded and replaced by the permanent injunction ordered in the decision on the merits rendered on 21 March 1962. And as to the permanent injunction, no action can be taken thereon without reviewing the judgment on the merits, such injunction being but a consequence of the pronouncement that the credits of Tiongson and Montilla are entitled to priority over that of Casilan. Since the court below had the power and right to determine such question of preference, its judgment is not without, nor in excess of, jurisdiction; and even assuming that its findings are not correct, they would, at most, constitute errors of law, and not abuses of discretion, correctible by certiorari. The obvious remedy for petitioner Casilan was a timely appeal from the judgment on the merits to the Court of Appeals, the amount involved being less than P200,000. But the judgment has become final and unappealable and can not be set aside through certiorari proceedings. (Emphasis supplied)

Here, this Court is being asked to determine whether the CA erred by issuing a permanent injunction in a case which questioned the propriety of the denial of an ancillary writ. But with the RTC's December 2, 2011 Decision on the case for "Injunction, Trademark Infringement, Damages and Destruction," the issues raised in the instant petition have been rendered moot and academic. We note that the case brought to the CA on a petition for certiorari merely involved the RTC's denial of respondent's application for a writ of preliminary injunction, a mere ancillary writ. Since a decision on the merits has already been rendered and which includes in its disposition a permanent injunction, the proper remedy is an appeal36 from the decision in the main case.

WHEREFORE, in light of all the foregoing, the petition is hereby DENIED for being moot and academic.

**SO ORDERED.**

Velasco, Jr., (Chairperson), Bersamin,[*] Leonen,[*][*] and Jardeleza, JJ., concur.

---

[*] Designated additional Member in lieu of Associate Justice Diosdado M. Peralta, per Raffle dated October 21, 2015.

[**] Designated Acting Member in lieu of Associate Justice Bienvenido L. Reyes, per Raffle dated October 12, 2015.

[1] Rollo, pp. 14-46.

[2] Id. at 52-76. Penned by Associate Justice Elihu A. Ybañez with Associate Justices Bienvenido L. Reyes and Estela M. Perlas-Bernabe (both now Members of this Court), concurring.

[3] Id. at 78-82.

[4] Id. at 53.

[5] Id.

[6] Id. at 54.

[7] Id.

[8] Id. at 55.

[9] Id. at 56.

[10] Id.

[11] THE INTELLECTUAL PROPERTY CODE OF THE PHILIPPINES, Section 122 provides:

Sec. 122. How Marks are Acquired. - The rights in a mark shall be acquired through registration made validly in accordance with the provisions of this law.

[12] Rollo, p. 57.

[13] THE INTELLECTUAL PROPERTY CODE OF THE PHILIPPINES, Section 138 provides:

SEC. 138. Certificates of Registration. - A certificate of registration of a mark shall be prima facie evidence of the validity of the registration, the registrant's ownership of the mark, and of the registrant's exclusive right to use the same in connection with goods or services and those that are related thereto specified in the certificate.

[14] Id., Section 147.1 provides:

Sec. 147. Rights Conferred. - 147.1. The owner of a registered mark shall have the exclusive right to prevent all third parties not having the owner's consent from using in the course of trade identical or similar signs or containers for goods or services which are identical or similar to those in respect of which the trademark is registered where such use would result in a likelihood of confusion. In case of the use of an identical sign for identical goods or services, a likelihood of confusion shall be presumed.

[15] Rollo, pp. 57-58.

[16] 316 Phil. 850(1995).

[17] Rollo, p. 58.

[18] CA rollo (Vol. I), p. 385.

[19] THE INTELLECTUAL PROPERTY CODE OF THE PHILIPPINES, Section 159 provides:

SEC. 159. Limitations to Actions for Infringement. - Notwithstanding any other provision of this Act, the remedies given to the owner of a right infringed under this Act shall be limited as follows:

159.1. Notwithstanding the provision of Section 155 hereof, a registered mark shall have no effect against any person who, in good faith, before the filing date or the priority date, was using the mark for the purposes of his business or enterprise; x x x


Bar review courses, mock exams and a study planner that keeps you on pace - batas.org

[20] Rollo, pp. 58-59.

[21] Id. at 121-122.

[22] Id. at 88-90.

[23] Id. at 89.

[24] Id. at 217. Penned by Associate Justice Fernanda Lampas Peralta with Associate Justices Edgardo P. Cruz and Ricardo R. Rosario concurring.

[25] Id. at 248-249.

[26] Id. at 74-75.

[27] Id. at 741-751. Penned by Acting Presiding Judge Bernelito R. Fernandez.

[28] Id. at 751. The dispositive part of the December 2, 2011 Decision of the RTC reads:

WHEREFORE, in view of the foregoing, judgment is hereby rendered in favor of plaintiff [Natrapharm], Inc. and against defendants Zuneca Pharmaceutical, Akram Arain and/or Venus Arain, MD, doing business in the name and style of Zuneca Pharmaceutical.

Defendants, jointly and severally, are hereby directed to pay the plaintiff the following amounts, to wit:

One Million Pesos (P1,000,000.00) as damages;
One Million Pesos (P1,000,000.00) as exemplary damages;
Two Hundred Thousand Pesos (P200,000.00) as attorney'[s] fees;
and the Costs.
Defendants are further enjoined from henceforth using Zynaps or any other variations thereto which are confusingly similar to the plaintiffs Zynapse.

It is likewise ordered that all infringing goods, labels, signs, prints, packages, wrappers, receptacles and advertisements in possession of the defendants, bearing the registered mark or any reproduction, counterfeit, copy or colourable imitation thereof, all plates, molds, matrices and other means of making the same, implements, machines and other items related to the conduct, and predominantly used, by the defendants in such infringing activities, be disposed of outside the channels of commerce or destroyed, without compensation.

The counterclaim of the defendants is DISMISSED for lack of merit.

**SO ORDERED.**

[29] Id. at 738.

[30] La Vista Association, Inc. v. Court of Appeals, 344 Phil. 30, 44 (1997).

[31] Urbanes, Jr. v. Court of Appeals, 407 Phil. 856, 867 (2001), citing Olalia v. Hizon, 274 Phil. 66, 72 (1991).

[32] Urbanes, Jr. v. Court of Appeals, id.

[33] Francisco, V.J., THE REVISED RULES OF COURT IN THE PHILIPPINES, PROVISIONAL REMEDIES (2[nd] ed., 1985), p. 305.

[34] Id. at 274.

[35] 116 Phil. 906,908(1962).

[36] The appeal on the main case is pending before this Court, docketed as G.R. No. 211850.

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.