

**DY BUNCIO, PLAINTIFF AND APPELLEE, VS. TAN TIAO BOK,  
DEFENDANT AND APPELLANT.***G. R. No. 16397. October 03, 1921*

Ponente: STREET, J.

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This action was initiated in the Court of First Instance of the City of Manila by the plaintiff, Dy Buncio, who is a tea merchant, to enjoin the defendant, Tan Tiao Bok, from selling tea in this market in packages and with wrappers of a design described in the complaint, it being alleged that said packages were put up in such manner as to resemble closely those long sold by the plaintiff. The defendant answered, admitting that he was selling tea under a trademark of the style complained of but insisted that no legal wrong had been done; and by way of cross-complaint prayed that damages be awarded to him by reason of the wrongful suing out of the preliminary injunction which the plaintiff had obtained.

At the hearing the trial judge found that the defendant was engaged in illegal competition with the plaintiff and made the preliminary injunction perpetual. At the same times he awarded P860 as damages to the plaintiff and absolved him from the cross-complaint. From this judgment the defendant appealed.

It appears in evidence that since the year 1903 the plaintiff, Dy Buncio, has been engaged in Manila as a merchant in importing Formosan tea and has during that time been distributing and selling the same in the Philippine market in original packages containing about 5 ounces. These packages are enveloped in a wrapper exhibiting the following features: On the face is a design supposedly suggested by the form of a Chinese fruit, having somewhat the shape of a pear. Described more in detail it suggests a vase, or flowerpot, with a main trunk, surmounted by a smaller body, tapering off and showing an orifice at the top like the mouth of a big bottle. Around the border is an embellishment of conventional tracery; and as a sort of background to the upper part of the design there are placed two symmetrical projections, extending upward on either side of the vase. In the centre of both the main body of the design and the superior trunk are spaces containing Chinese characters. The characters in the upper space represent the Chinese name of the exporter in Formosa by whom the packages appear originally to have been put up. The characters in the lower space mean "tea from Formosa."

On the right side of the package is the following inscription in English: "Formosa Tea, sold by Guan Leong, Daitotei, Formosa;" while on the left side is a circular space more than 1 inch in diameter containing the Chinese proper name Choa Hooseng. The relation of this personage to the package of tea is not explained. On the bottom of the package is printed "5 oz. net." For the design above described a blush-green shade of ink is used for all parts except the reading matter, which is in red ink.

It may be stated here that other persons in the Philippine Islands besides Dy Buncio have in the past, and are now, engaged in the importation of tea from Formosa; and it is admitted that all tea from that source comes to this market in packages with the same form of wrapper.

In the year 1918, the defendant Tan Tiao Bok, a native of Formosa and subject of Japan, who had formerly been

employed by Dy Buncio as a bookkeeper, began to import tea from Formosa on his own account with a view to selling it in the Philippine market; and in order to identify his tea, he adopted a trade-mark, which he duly registered in the Bureau of Commerce and Industry. The designed adopted for this trade-mark is correctly described in his application for the registry thereof as follows: "My trade-mark consists of two birds placed one in front of the other with the tails going up and placed in such a position as to form a sort of lyre. On the upper part and right between the ends of the tails is a flowerpot, with flowers in it; in between the heads, which are facing each other, is a big flower; and at the extreme corresponding to the lower end, are two Chinese characters which correspond to the phrase, trade-mark. In the blank space between the two birds are written Chinese characters descriptive of the quality of the goods. On the right-hand side of this mark are the words 'Formosa Tea sold by Ngo Teck Co., Daitotei, Formosa/ and on the left side are the words Ngo Teck & Company. The mark has a light green color and the letters are red." We may add that on the bottom of each of the defendant's packages are the figures "502" followed by the word "net." The figures 502, thus used, represent an evident attempt by a person not conversant with English to write the characters for five ounces (5 oz.) which is presumably the weight of the package.

All the tea which has been imported and actually sold by the defendant has been put up in wrappers bearing the trade-mark just described; but in the year 1918 he made a single importation of thirty boxes of tea which he was unable to sell because of the injunction. These were put up in wrappers bearing a somewhat different design from that of the defendant's trade-mark; and being of less importance, this design need not be described in detail. Suffice it to say that it consists of a vase of flowers, embellished around the border somewhat as in the case of the plaintiff's design, and with flowers and plants around the neck and top of the vase.

The action is evidently based on section 7 of Act No. 666, of the Philippine Commission, which reads as follows:

"Any person who in selling his goods shall give them the general appearance of goods of another manufacturer or dealer, either 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, and who clothes the goods with such appearance for the purpose of deceiving the public and defrauding 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, shall be guilty of unfair competition, \* \* \* This section applies in cases where the deceitful appearance of the goods, misleading as to origin or ownership, is effected not by means of technical trade-marks, emblems, signs, or devices, but by the general appearance of the package containing the goods, or by the devices or words thereon, even though such packages, devices, or words are not by law capable of appropriation as trade-marks; and in order that the action shall lie under this section, actual intent to deceive the public and defraud a competitor shall affirmatively appear on the part of the person sought to be made liable, but such intent may be inferred from similarity in the appearance of the goods as packed or offered for sale to those of the complaining party."

The matter here quoted is apparently merely an enactment into law of a doctrine previously elaborated by the courts of equity of England and America in connection with the subject of unfair competition; and for all practical purposes the result would be about the same whether we proceed under the statutory definition of unfair competition or adopt the decided cases as supplying the criteria by which to be guided.

The first and principal question, therefore, to be decided is whether the wrapper, mark, and designs used on the defendant's packages of tea are so far similar to those of the plaintiff that the use thereof constitutes unfair competition and is obnoxious to the provision of law above quoted.

Upon this question we have no hesitancy in saying, after a careful comparison of the two packages, with the designs printed thereon, that objectionable simulation is not made out. Some resemblance there undoubtedly is,

but in our opinion it is not such as would naturally lead intending purchasers to believe that the goods offered by the defendant are the same as are sold by the plaintiff. The only individual who in our opinion would be likely to take notice of these resemblances, on having his attention directed to the packages, is the one who is unfamiliar with either.

Upon approaching a problem of this nature one important consideration to be borne in mind is found in the conventional size and style of the package adopted by tea merchants generally in putting this commodity before the consumer. As to this it is agreed that the form of package used by both plaintiff and defendant is the same as that adopted by all merchants engaged in selling tea in this country; and it is a matter of common observation that the articles supplying the simplest human needs, such as matches, cigarettes, and certain foodstuffs, are marketed in conventional containers of appropriate size and of a design made almost uniform in the case of each article by immemorial custom. Nobody can acquire any exclusive right in these standardized forms and styles. (*Alhambra Cigar etc. Co. vs. Compama Gral. de Tabacos*, 35 Phil., 62.)

No question can therefore be raised with respect to the right of the defendant to market tea in 5-ounce packages, enveloped in ordinary wrapping paper of conventional color and of the form adopted by both the litigants in this case. Nor can anything be fairly made to the detriment of the defendant out of the circumstance that the inscription on the bottom of his package indicating the weight of the contents, erroneously appears as "502 net" instead of "5 oz. net," as on the plaintiff's package. The fact that the defendant personally does not know the meaning of this inscription loses all significance in view of the fact that he is a native Formosan, unversed in English, and that the package was put up for export in Formosa.

As the size and form of the packages sold by the defendant are practically the same as those of the packages sold by the plaintiff, it results, as might be expected, that the trade-mark placed on the defendant's packages is of about the same size as the design used by the plaintiff; and this coincidence affords no ground of legitimate criticism, being determined in a measure by the conventional size of the package in which tea is put upon the market.

Coming now to a comparison of the plaintiff's design (Exhibit A) with the trade-mark (Exhibit C) used by the defendant, the differences between the two, viewed either as a whole or in detail, are very marked. It is probable that the mind of the artist who drew the sketch for defendant's trade-mark may have gotten suggestions from the plaintiff's design, but the general result is so different that we consider it unlikely that a person whose eye is accustomed to the lines of the plaintiff's design would for a moment mistake the defendant's trade-mark for it. The superior finish, grace, and symmetry of the latter readily distinguishes it from the other; and there is one other difference which seems to us decisive. This is found in the fact that the well-defined lines of the double-decked jar, so conspicuous in the plaintiff's design, are entirely wanting in the defendant's trade-mark. Instead the latter is formed of a combination of the figures of two peacocks, whose ascending tails enclose at the top a pot filled with flowers, giving the general effect of a lyre. In whatever aspect the rival marks be viewed, we are of the opinion that the resemblance between the two designs is not sufficiently marked to afford just cause for complaint on the part of the plaintiff; and we do not think that the case is altered by the circumstance that the reading matter in both is in the usual red Chinese characters, while the body of both designs is in green, though of differing shades.

It is perhaps worth noting here, as constituting one of the differences between the packages sold by the two respective parties, that the plaintiff's design (Exhibit A) is on the broad side of the package, while the defendant's trade-mark is on the narrow side of the package, with the result that the faces of the two packages are distinctly different in size.

The resemblance between the plaintiff's design and the design Exhibit B, used by the defendant upon the wrappers for the tea contained in one shipment of thirty cases— which tea was not sold—is closer than the resemblance

between the plaintiff's design and the defendant's trademark (Exhibit C); but we are of the opinion that even here the simulation is not sufficiently marked to justify relief. The effect upon the eye of the double-decked jar, constituting the plaintiff's design, is decidedly different from that produced by the flowerpot, with 3 feet, of Exhibit B. In this connection, we repeat, the only individual apt to mistake the one design for the other would be a person unfamiliar with either.

This last observation leads on to another, which is, that in order that there may be deception of the buying public in the sense necessary to constitute unfair competition, it is necessary to suppose a public accustomed to buy, and therefore to some extent familiar with, the goods in question. The test of fraudulent simulation is to be found in the likelihood of the deception of persons in some measure acquainted with an established design and desirous of purchasing the commodity with which that design has been associated. The test is not found in the deception, or possibility of the deception, of the person who knows nothing about the design which has been counterfeited, and who must be indifferent as between that and the other. The simulation, in order to be objectionable, must be such as appears likely to mislead the ordinarily intelligent buyer who has a need to supply and is familiar with the article that he seeks to purchase. In the case under consideration, the resemblances that have been pointed out between the designs of the two litigants in this case are not in our opinion sufficient to mislead such a person.

From what has been said it is apparent that the judgment appealed from must be reversed in so far as relates to the injunctive relief granted to the plaintiff in accordance with prayer contained in the complaint and the sum of money awarded to him as damages. Conversely, the defendant is entitled to recover from the plaintiff the damages which the defendant has suffered by reason of the wrongful suing out of the injunction, and the sureties on the injunction bond are of course liable for the same damages not in excess of the amount fixed by the bond.

Upon the question of the amount of these damages we are of the opinion that the interests of justice require that the cause should be remanded for further proof, and an order to this effect will accordingly be entered. From the proof now before us it appears clearly enough that at the time the defendant was enjoined from selling tea in packages marked as in Exhibits B and C, the defendant had contracts with merchants of this city for the monthly delivery to them of large quantities of tea, with the peacock mark, from which contracts considerable profit would have been realized. In addition to this his retail trade in the same tea was paralyzed. Nevertheless, although the defendant was enjoined by the lower court from selling tea in packages bearing the marks complained of, it is conceivable that he may have caused it to be repacked and has placed it upon the market in a different style of wrapper. But whether he has adopted that course or has kept all the tea on hand until now, we are of the opinion that we should allow the plaintiff an opportunity to make further inquiry into the amount of damages actually inflicted; and by parity of reasoning the defendant also should be allowed to introduce further proof of damage, if the facts warrant.

The judgment is reversed and the cause remanded for the assessment of the damages incident to the wrongful suing out of the injunction, without special pronouncement as to costs of either instance. So ordered.

Johnson, Araullo, Avancena, and Villamor, JJ., concur.

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