

SEINOSUKE OGURA, PLAINTIFF AND APPELLEE, VS. SOTERO CHUA AND TOMAS CONFESOR, AS DIRECTOR OF THE BUREAU OF COMMERCE AND INDUSTRY OF THE PHILIPPINE ISLANDS, DEFENDANTS AND APPELLA...

G. R. No. 39889. February 08, 1934

Ponente: IMPERIAL, J.

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IMPERIAL, J.:

This is an appeal taken by the defendants from the judgment rendered by the Court of First Instance of Manila, the dispositive part of which reads as follows:

"Wherefore, the preliminary injunction issued in this case, whereby the defendant, his attorneys agents, and representatives, were enjoined from using, selling or offering for sale, or advertising or dealing in any manner whatsoever, in any kind of ink under the name and label of 'Bonton,' and which was dissolved upon the filing of a bond, is hereby given full force and effect and declared final and permanent. The defendant Sotero Chua is hereby ordered to submit to this court a true and correct accounting, under oath, of all profits realized upon all sales or any other disposition of ink manufactured and sold or disposed of by him under the trade-mark 'Bonton', for the purposes required by the law, and the Director of the Bureau of Commerce and Industry of the Philippine Islands is hereby ordered to cancel the registration of the trade-mark 'Bonton', No. 10066, in the name of the defendant, Sotero Chua, with the costs against said defendant Sotero Chua. So ordered."

This action was brought by the plaintiff, who is a Japanese citizen, for the recovery from the defendant Sotero Chua of damages for having sold, in Manila and in the provinces, ink similar to and with the same label as that which said plaintiff has already been selling long before in the same markets, thus engaging in an unfair competition with the latter. The Director of the Bureau of Commerce and Industry was included therein as a defendant for the purpose of compelling him to cancel the registration of the other defendant's trade-mark in his office.

The material facts established during the hearing ar clearly stated in the opinion of the trial court as follows:

"1. That on February 3, 1922, the plaintiff registered in the Patent Office in Japan the trade-mark 'Bonton' with the figure of a Japanese bird called 'Kiukwan' {Exhibit D} for use in the sale of ink, which trade-mark has been used on ink-bottles similar to Exhibit C to which the label, bearing said trade-mark 'Bonton' and the figure of the bird 'Kiukwan', is affixed.

"2. That from the year 1927, the plaintiff's attorney in fact known and registered as Matsui, Sawamatsu & Mori, a co-partnership doing business in the Philippine Islands under the name of Osaka Bazar, has been selling in Manila ink in bottles with the trade-mark 'Bonton' and the figure of the bird 'Kiukwan', similar to Exhibit C.

"3. That in the year 1928, the Osaka Bazar sold hundreds of bottles of ink similar to Exhibit C, in the provinces, as evidenced by Exhibits G, F, G-I, H, I, G-2, J, K, and L.

"4. That on July 18, 1929, the Osaka Bazar imported from Japan ten (10) cases, Nos. 2154 to 2163, each containing 60 dozen bottles of 'Bonton' ink, purchased from Ogura & Co., which arrived in Manila on the S. S. President McKinley, Exhibits M and O. From said shipment, a sample bottle, Exhibit N, with the trade-mark 'Bonton' and the figure of the bird 'Kiukwan', was kept in the customhouse.

"5. That in or about the month of September, 1930, Matsui, Sawamatsru & Mori, in representation of the plaintiff, filed an application in the Bureau of Commerce and Industry for the registration of the trade-mark 'Bonton' with the figure of the bird 'Kiukwan', a sample of which was attached to the petition Exhibit Q. Said petition, however, was denied because it was proved that on May 28, 1930, the defendant Sotero Chua, without the knowledge of the plaintiff or of his attorney in fact, Matsui, Sawamatsu & Mori, had registered an imitation of the trade-mark 'Bonton' with the figure of the bird 'Kiukwan', a sample of which is attached to the certificate Exhibit P.

"6. The plaintiff, through his representative in Manila, the said partnership Matsui, Sawamatsu & Mori, filed a criminal complaint, case No. 42023 of this court, against the defendant Sotero Chua, for having illegally obtained registration of the trade-mark 'Bonton' in his name, in violation of section 18 of Act No. 666. Said complaint, however, was dismissed on the ground that, as the trial court stated in its decision, 'while it is true that there is a marked similarity in many respects between the trade-mark "Bonton" used and registered by the accused (the defendant herein) in his name, and the trade-mark "Bonton" of the Ogura Chemical Factory of Japan, and that, according to the evidence of the prosecution, the Osaka Bazar has been importing ink in bottles bearing the trade-mark "Bonton" from Japan, nevertheless, it does not necessarily and conclusively follow from such premises alone that the accused had maliciously averred in his petition for registration of the trade-mark that he was the sole owner thereof, much less prove that he knew that the trade-mark in question was being used by and belonged to the Ogura Chemical Factory of Japan, Exhibit T.'

"7. A mere glance at the plaintiff's ink bottle Exhibit C and at that of the defendant Chua, Exhibit E, readily shows the perfect similarity between the former's trademark and that of the latter. The colors of the paper and of the ink used on the labels in question, the names, the type used, the quotation marks, the size and color of the bottle and even the stopper, the figure of the bird, the little crown on its head and the branch on which it poses, indeed, absolutely everything is the same in both trade-marks. The one and only difference between the two consists in that the type used in the words 'Best Writing Ink', appearing on the trade-mark of the defendant Chua, is a little heavier than that used in the corresponding words of the plaintiff's trade-mark, and that instead of the name 'The Ogura Chemical Factory' appearing on the plaintiff's trade-mark, that of 'Philippine Chemical Factory' appears on that of the defendant. Except for this detail, the imitation is absolutely perfect as may be confirmed by a mere examination of both trade-marks.

"8. The defendant Sotero Chua has been selling ink in bottles with the trade-mark similar to Exhibit E since the month of August or September, 1930. From that time on the plaintiff's sale of ink similar to Exhibit C has greatly decreased inasmuch as the defendant sold the ink with the imitated trade-mark at a much lower price."

In view of said facts, there is no doubt but that the label or trade-mark used by the defendant Chua on the ink he has been selling during the period above stated is clearly similar to that already in use by the plaintiff, and that said defendant imitated the trade-mark in question and used it on his merchandise with the avowed purpose of deceiving and misleading the public to believe that he was selling the same kind of ink which the plaintiff had succeeded in placing on the market, thus openly engaging in an unfair competition with the latter.

The defendants-appellants assign several alleged errors in their brief. However, the real questions raised in this appeal are as follows: (1) Whether or not the plaintiff's action for unfair competition lies, notwithstanding the fact that he had not succeeded in obtaining registration of his trade-mark in the Bureau of Commerce and Industry; (2) whether or not the fraud now attributed to Chua already constitutes *res judicata*, on the ground that he had been acquitted in the criminal case brought against him for violation of the trade-mark in question; and (3) whether or

not the plaintiff is entitled to the registration of his trade-mark notwithstanding the fact that he is a foreign subject and has not proven that his country affords similar privileges to citizens of the United States and of the Philippine Islands.

The defendants-appellants base their contention that the plaintiff cannot maintain his action, on the provisions of section 4 of Act No. 666, as amended by section 1 of Act No. 3332, which read as follows:

"SEC. 4. No action shall be brought for damages for the violation of the rights to use trade-marks defined in the preceding sections nor shall criminal proceeding be entertained as provided in section six of this Act, unless it be first shown that the trade-mark or trade-name alleged to have been violated or which gave rise to the criminal action has¹ been duly registered in the Bureau of Commerce and Industry, in accordance with the provisions of this Act."

They contend that according to said section, it is necessary that a trade-mark should first be registered before an action can be brought thereon. We agree with the trial court that the provisions of the afore-cited section refer exclusively to actions based on the violation of the rights to use trade-marks. However, the action brought by the plaintiff is not based on any violation or infringement of such rights but on fraudulent and unfair competition committed by the defendant Chua in imitating the former's trade-mark and introducing his to the public as if it were the same as the plaintiff's. This action is governed by the provisions of section 7 of Act No. 666, as amended by section 1 of Act No. 3423. Said section reads as follows:

"SEC. 7. 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 the manner of their manufacture, 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 who holds a duly registered patent therefor or who has long been accustomed to manufacture or sell such goods and who is other than the actual manufacturer or dealer, and who clothes the goods with such appearance for the purpose of deceiving the public and depriving 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, and shall be liable to an action for damages, in which the measure shall be the same as that provided for a violation of a trade-mark rights, together with discretionary power in the court to impose double damages if the circumstances call for the same. The injured party may also have a remedy by injunction similar to that provided for in cases of violation of trade-marks. 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 trademarks, 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 may be inferred from similarity in the appearance of the goods as packed or offered for sale to those of the complaining party."

It will be noted that according to the foregoing provisions an action for unfair competition may be brought not only by persons who have registered their trade-marks but also by those who have long been using them although they may not have registered the same, the plaintiff being included in the latter case. Therefore, this court is of the opinion that the plaintiff herein can validly maintain the action he has brought, notwithstanding the fact that he has not registered his trade-mark in the office of the other defendant.

With respect to the second point, it appears that the defendant Chua was prosecuted for violation of section 18 of Act No. 666 by reason of his having fraudulently registered his aforesaid trade-mark, falsely stating therein that he was the sole owner thereof although he was fully aware that he was not the first to have used it in this market. The information was dismissed for insufficiency of proof on the ground that it was not established that said

defendant was fully aware of the use of said trade-mark by the plaintiff, the offended party herein, in this market. It is clear that there can be no *res judicata*, between the questions involved in the two cases. All the element necessary for the application of the doctrine do not exist, and above all, the Question of whether or not said defendant had engaged in an unfair competition had not been raised nor decided in the aforesaid criminal case.

In support of the last question, the appellants cite section 11 of said Act No. 666, as amended by Acts Nos. 1407 and 2728, which provides that owners of trade-marks residing in a foreign country may obtain registration of such trademarks in accordance with the provisions of the law, only when it is shown that said foreign country affords similar privileges to the citizens of the United States or of the Philippine Islands. It is contended that inasmuch as the plaintiff has not proven that his country affords similar rights and privileges to American and Filipino citizens, he cannot obtain registration of his trade-mark. In answer to this argument, suffice it to say that this is not a case involving an application for the registration of the plaintiff's trade-mark inasmuch as such remedy has not been prayed for in his complaint. The additional remedy prayed for and granted to him by the court was the cancellation of the registration obtained by Chua on the ground that it was fraudulent.

Wherefore, the judgment appealed from is hereby affirmed, with the costs against the appellants. So ordered.

Malcolm, Villa-Real, Hull, and Goddard, JJ., concur.

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