

PARKE, DAVIS & COMPANY, PLAINTIFF AND APPELLEE, VS. KIU FOO & CO., LTD., REPRESENTED HEREIN BY ITS ATTORNEY-IN-FACT, SY YOCO & SONS, INC., AND TOMAS CONFESOR, AS DIRECTOR OF THE ...

G. R. No. 41405. November 21, 1934

Ponente: BUTTE, J.

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BUTTE, J.:

This is an appeal from a judgment of the Court of First Instance of Manila in an action entitled by the plaintiff "cancellation of trade-mark".

The petition alleges in substance that the plaintiff has been engaged in the manufacture sale of chemicals, medicines pharmaceutical preparations for the past sixty-seven years; that for more than twenty years it has manufactured sold in nearly all parts of the world a tonic medicine known in the English Spanish languages as "Palatal" in the Chinese language as "Pai Li To", written in Chinese characters which are the nearest phonetic translations of the English name "Palatol"; that on May 22, 1933, the plaintiff registered its trade-mark in the Bureau of Commerce of the Philippine Islands under registration No. 11,360.

It is alleged that the defendant Kiu Foo & Co., Ltd., of Shanghai, China, on April 16, 1931, under registration No. 10,507, procured the registration of a trade-mark in the Bureau of Commerce of the Philippine Islands for the same kind of medicine under the name of "Blandol", above which in conspicuous Chinese letters are the words "Pu Li To"; that said registration was a violation of paragraph 16 of the "Revised rules regulations governing the registration of trade-marks trade-names issued by the Bureau of Commerce Industry pursuant to section 20 of Act No. 666 as amended" which provides that "a mark or name identical with or similar to a registered or known trade-mark or trade-name as would likely cause confusion or mistake in the mind of the public or to deceive purchasers may not be registered"; that the defendant's use of the words "Pu Li To" in its trade-mark in prominent letters was intended to deceive the Chinese customers of the plaintiff prejudice the rights of the plaintiff. The prayer is that judgment be rendered decreeing ordering the cancellation of the defendant's trade-mark "Blandol" in English "Pu Li To" in Chinese for further general relief.

The defendant's answer admits that the plaintiff manufactures a medicine known in English Spanish as "Palatal" that the plaintiff has sold a medicine in the Philippine Islands under that name; but it expressly denies that the plaintiff ever used in the Philippine Islands any Chinese name of said medicine. By way of special defense the defendant sets up the priority in the registration of its trademark (April 16, 1931) over that of the plaintiff (May 22, 1933); that the trade-mark of the defendant is entirely different from the trade-mark of the plaintiff.

Tomas Confesor, as Director of the Bureau of Commerce, was made a party defendant. The petition states no cause of action whatever against the Director of Commerce; indeed, it is stated in the petition "the said Director of Commerce is joined in this action as a nominal party defendant." The Solicitor-General demurred on behalf of the Director of the Bureau of Commerce this demurrer should have been sustained. It was overruled the Director did

not appeal, doubtless, because no final decree or judgment was pronounced against him. The court simply decreed the cancellation of the registration of the defendant's trade-mark on the assumption that this decree would effect the cancellation *ex proprio vigore*.

It is provided in section 13 of Act No. 666 that " * * * in an application for registration the Chief of the Bureau of Patents, Copyrights, Trade-Marks (now the Director of the Bureau of Commerce) shall decide the presumptive lawfulness of claim to the alleged trade-mark." The director having decided the presumptive lawfulness of the claim of Kiu Foo & Co., Ltd., to its said trade-mark on April 16, 1931, no oppositors appearing, there being no allegation or proof that his act was illegal, capricious, arbitrary or fraudulent, there is no basis whatever upon which a court may rest a decree to nullify what was done by the director in accordance with law. Making the director a "nominal party defendant" did not help matters. A "nominal party defendant" is an illogical innovation upon the Code of Civil Procedure.

If this were simply a suit as to infringement of a trademark, the defendant should prevail because of the priority of its registration. However, Act No. 666 is not confined either in terms or in spirit to the protection of trade-marks. As its very title indicates, it includes " * * * defining unfair competition providing remedies against the same * * * ." Section 7 of this Act is 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, who clothes the goods with such appearance for the purpose of deceiving the public 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, shall be liable to an action for damages, in which the measure shall be the same as that provided for a violation of 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 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; in order that the action shall lie under this section, actual intent to deceive the public 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 evidence in this case is convincing that the plaintiff has been selling its product under the name of "Palatol" in the Philippine Islands for many years prior to the registration of the defendant's trade-mark; that the formula which the defendant has registered in its trade-mark is substantially, if not identically, the same formula as the plaintiff's; that the bottles of the defendant have the same shape appearance as those used by the plaintiff; that although there is no conflict between the name "Palatol" the name "Blandol", the labels used by the defendant exhibit the Chinese characters "Pu Li To" prominently, being in much larger type than the name "Blandol"; that these Chinese characters would easily mislead the Chinese customers of the plaintiff to believe that they were purchasing the genuine medicine of the plaintiff. The use, therefore, of the trade-mark of the defendant, although registered prior to that of the plaintiff, constitutes unfair competition, in that such trade-mark, when affixed to the packages containing the imitation drug, would be likely to deceive purchasers defraud the plaintiff of its legitimate trade. The intent to defraud may be inferred from the similarity in appearance of the goods as packed or offered for sale to those of the complaining party.

The finding of the trial court that the plaintiff has been selling "Palatol" in the Philippines for some nineteen years would indicate that the trade-name of "Palatol" was well established when the defendant made application for its trade-mark. The facts above stated the judicial proceedings in Shanghai in Hongkong wherein the defendant's applications for a similar trade-mark were rejected indicate conclusively that the defendant was well aware of the value of the trade-name of the plaintiff that its acts in seeking the registration of the same trademark in the Philippines putting its imitation article on the market here constitute unfair competition to the damage of the plaintiff. (Cf. *Ed. A. Keller & Co. vs. Kinkwa Meriyasu Co.*, 57 Phil., 262.)

It results, therefore, that the erroneous form of decree entered by the trial court must be modified the cause remanded with directions to enter a perpetual injunction (under the plaintiff's prayer for general relief) restraining prohibiting the defendant its agents from selling or offering for sale any product under its trade-mark registered on April 16, 1931, Serial No. 10,507, without special pronouncement as to costs in this instance.

Malcolm, Villa-Real, Imperial, Diaz, JJ., concur.

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