

DESTILERIA AYALA, INC., PLAINTIFF AND APPELLANT, VS. TAN TAY & CO., DEFENDANT AND APPELLEE.*G.R. No. 48793. August 06, 1943*

Ponente: MORAN, J.

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This is an action for injunction instituted by plaintiff Destilena Ayala, Inc., to inhibit defendant Tan Tay & Co., doing business under the name "La Refineria Tan Tay, Inc.," from using glass receptacles duly registered by plaintiff. A preliminary injunction was issued on the security of the bond of P500 filed by plaintiff.

The evidence discloses that on September 4, 1939, the Bureau of Commerce is sued favor of plaintiff a certificate of registration of a glass receptacle for bottling wine products. The shape and form of the bottle and its distinctive name in bold relief, "Destileria Ayala, Inc.," are duly described and reproduced in the certificate. By reason of shortage of bottles of its own, defendant Tan Tay & Co. in selling wine similar to that of the plaintiff, had, prior to this action, been using bottles registered in the name of the plaintiff but with the word "Ayala" generally erased or obliterated therefrom, leaving only the word "Destileria" legible on said bottles. Judgment was rendered by the trial court denying the petition and dissolving the preliminary injunction issued; hence this appeal by plaintiff.

The trial court's decision rests on the following rationale:

"Ante los hechos que se acaban de relatar, no hallamos ninguna infraccion imputable a la demandada por haber ella usado frascos, como el Exhibit B. Bien es verdad que la actora debe ser amparada por la ley en cuanto al uso exclusivo de su envase registrado, pero es el caso que tal envase, por su forma y dimensiones, es igual a los envases comun y ordinariamente usados por otras varias destilerias en el pais, que se dedican a vender y fabricar ginebra, y lo unico que lo distingue de los demas es el nombre de 'Destilerias Ayala, Inc.,' estampado en realce en su parte superior. Borrado o arrasado tal nombre de la demandante, en sus frascos, estos ya no tendrian marcas o senales para ser diferenciados de los demas. Por manera que el publico no queda inducido a creer que toda ginebra que se venda en frascos, como el registrado a nombre de la demandante, sea de la fabricacion de esta. Como ya se ha dicho, los frascos usados por otras destilerias estan hechos con el mismo material, tienen el mismo color y llevan las mismas dimensiones y forma que el envase registrado a nombre de la actora. Es de advertir, ademas, que los frascos de otras destilerias tambien llevan estampadas en relieve los nombres de estas en el mismo sitio en que esta colocado el nombre de la demandante en los suyos. De modo que el publico, que compra ginebra, sabe de antemano que los frascos, usados para este vino, son similares o iguales en forma, dimensiones y color, y que para distinguir o leer antes para saber si el nombre realizado en cristal, hacia el cuello del frasco, o el marbete o rotulo pegado a una de las caras del frasco, son o no de la determinada destileria de su preferencia o seleccion. La demandante no tiene derecho a apropiarse del uso exclusivo, como patentado, de un frasco que, por su forma y tamaño, es igual a los utilizados comunmente por casi todos los fabricantes de vinos en el pais. Su derecho exclusivo sobre tal envase existe solo cuando el mismo lleva el detalle distintivo de su nombre claramente estampado en el lugar correspondiente del frasco, Por lo dicho, el uso, por parte de la demandada, de frascos, ya sean de la demandante o de otras destilerias, en que no apareciese legible el nombre de cualquiera otra destileria o fabrica de vinos o en que estuviese borrado o hecho desaparecer el nombre de otra fabrica, no puede perjudicar la parte demandante y no debe ser

prohibido."

Sections 1 and 2 of Act No. 3070 read as follows.

"SECTION 1. Any person, firm or corporation engaged in the manufacture, preservation, packing, or sale of foodstuffs, beverages, drugs, or medicines sold to the public in permanent containers of glass, wood or metal of such construction that the contents can be removed without damage to the container, may identify such containers by branding, stamping, blowing, engraving, or otherwise reproducing or marking in a permanent manner into the substance of such containers a name, mark, distinctive design, and may obtain the registration of such container and of the name, mark or distinctive design, by complying with the following requisites:

"(a) File for registration in the Bureau of Commerce and Industry an affidavit giving the applicant's name, residence, or citizenship, his place of business; a description of the container used by the applicant and of the name, mark or distinctive design adopted by him, together with three photographs or reproductions of the same, a statement regarding the method by which such name, mark, or distinctive design is worked into or upon the substance of the container; a statement of the class of goods sold by the applicant in such containers and the time during which the applicant has been using containers so marked.

"(b) Pay the sum of fifty pesos in the Bureau, of Commerce and Industry

"SEC. 2. Upon compliance with the requisites of the preceding section, the Chief of the Bureau of Commerce and Industry shall issue to the applicant, under the seal of the Bureau, a certificate of registration accompanied by an authentic duplicate of the description of said container and a photograph or reproduction of the name, mark, or distinctive design; and it shall thereafter be unlawful for any person, without the written consent of the owner or owners of such registered containers, to use the same as containers for any analogous or similar substance, article or product, intended for sale, other than that originally placed in the same by the owner of such certificate of registration, or to sell such substance, article, or product or offer the same for sale in such containers: Provided, That nothing in this Act provided shall be construed to authorize the use of a name, mark or distinctive design of such containers in such manner as to constitute unlawful competition or a violation of any legitimate trade-mark.

The purpose of the law is clear. It is to afford a person a means of identifying the containers he uses in the manufacture, preservation, packing or sale of his products so that he may secure their registration with the Bureau of Commerce and Industry and thus prevent other persons from using them. To make the use of such containers illegal, it is not essential that they be used by other persons with the distinctive name, mark or design engraved thereon. If the containers originally conformed to the description contained in the certificate of registration and it appears that they are the same containers being used by the other persons, the use is illegal regardless of whether or not their distinctive name, mark or design is partly or entirely erased therefrom. If the illegality of the use may be removed by erasing or obliterating from the containers their distinctive name, mark or design, the protection of the law would become useless. In other words it is the use of the containers themselves—not merely the use of the trade-mark engraved thereon—that is prohibited by law. The trade-mark need not be protected specifically by Act No. 3070, for it is already protected by the general law of unfair competition. If, together with the containers the trade-mark adopted by the registered owner is also used by other persons, perhaps there may be a further violation of the Act prohibiting unfair competition.

True that by selling wine without demanding the return of the container, the owner divests himself of his ownership of such container, but this alienation is not absolute for it does not include the specific right of the owner to prohibit other persons from using the container for the sale of similar products. Such specific right can be conveyed away duly by the "written consent" of the owner, according to Act No. 3070.

In the present case, there is no question that the bottles or receptacles Exhibits A and B use by defendant Tan Tay

& Co. are the same bottles or receptacles used and registered by plaintiff, but with their distinctive name partly erased or obliterated therefrom. And there is also no question that the defendant before using those bottles or receptacles obtained no written consent from the registered owner. The violation of the law is thus clear.

We are not concerned with the wisdom of the law. Its purpose may be good or bad. Its provisions being clear, we cannot help but apply it as it is. Apparently, the purpose is not merely to prevent a possible unfair competition but mainly to afford protection of property rights of the registered owner. With the protection of the law, a container that is registered and which cannot thus be used by other persons for the sale of similar products will likely be sold back to the Registered owner at a low price. Thus, a registered owner who has taken the trouble of manufacturing or ordering the manufacture and obtaining the registration of his containers will be prevented from being placed in an open market on the same footing as other persons having absolutely no registered rights thereon.

Yulo, C.J., Ozoeta, Generoso, and Lopez Vito JJ., concur.

DISSENTING

PARAS, J.,

Both the plaintiff and the defendant, as well as other distillery companies in Manila, have for years been using bottles or containers of gin having the same shape, size, quality and color. The right of the defendant to use such receptacles has not been questioned undoubtedly because—

"It frequently happens that goods of a particular class are labeled by all manufacturers in a common manner. In cases of that sort, no manufacturer may appropriate to himself the method of labeling or packing his merchandise and then enjoin other merchants from using it." (Alhambra Cigar and Cigarette Manufacturing Co. vs. Compañia General de Tabacos de Filipinas, 35, Phil., 62.)

"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" (Dy Bundo vs. Tan Tiao Bok, 42 Phil., 190.)

The bottles used by the plaintiff were, however, identified by the registered name "Destileria Ayala, Inc." The plaintiff, in selling its product, did not require the return of the containers. The defendant, after erasing the name "Ayala, Inc." from such containers as came into his hands in due course, used the same in distributing its wine to the public; and the issue that arises is whether this use is prohibited under Act No. 3070.

I think the intention of the statute is to forbid the appropriation by another of a registered container only so long as it bears its registered name, mark of distinctive design, and the purpose is to protect the reputation of the product sold by the registered owner. This is very apparent from the fact that section 2 of Act No. 3070 prohibits the use of a registered container only "for any analogous or similar substance, article or product, intended for sale, other than that originally placed in the same by the owner." In other words, it is not illegal to use such registered container for any substance, article or product not similar to that originally placed therein by the registered owner, for the obvious reason that there would thus be no possible confusion on the part of the consuming public as to the origin of the product sold in the container, and the good will of the registered owner does not accordingly run the risk of being exploited or destroyed by competitors. "It is the deception the acted falsehood, the misrepresentation by deed that is the substance of the crime committed by the defendant, and legislation (such as Act No. 3070) making his act a misdemeanor impairs no right of property, but simply prohibits a vicious use of property." (People vs. Luhrs, 89 N.E., 173.) In the form the law is couched, it does not seek to preserve the property rights in

the receptacles. As a matter of fact, the property rights of the plaintiff in its bottles, whether registered or not, need not be protected by a special statute, since it can have continuous ownership, possession and use thereof by merely demanding their return through some convenient stipulation. By selling its product with the containers, the plaintiff has relinquished all proprietary rights in such containers in favor of those who may obtain them in due course, and the latter may use them for any substance, article or product similar to that originally placed therein after obliterating the registered name, design or mark, and for any dissimilar substance, article or product even with such registered name, design or mark. (63 C. J., 381, 458.)

I therefore vote for the affirmance of the appealed judgment.

DISSENTING

BOCOBO, J.,

I likewise dissent from the opinion of the majority upon three grounds:

First. Two things together, but not separately, are protected by Act No. 3070; namely, the container and the name, mark or distinctive design. If, therefore, as in the instant case, the name, mark or distinctive design has been erased, the protection of the act aforesaid is beyond the purview of in the law. That both the container and the name must be used in order that there may be a violation of Act No. 3070 is plain from these provisions of that law:

(a) Section 1 says: :may obtain the registration of such container and of the name, mark or distinctive design."

(b) Section 1, reads in part: "a description of the container used by the applicant and of the name, mark or distinctive design."

(c) Section 2 provides: a certificate of registration accompanied by an authentic duplicate of the description of said container and a photograph or reproduction of the name, mark or distinctive design."

(d) Section 2 further says: it shall thereafter be unlawful for any person, without the written consent of the owner or owners of such registered containers, to use the same as containers." (*Italics supplied*).

What is the registered container referred to in the last-quoted provision? It is the container that has the name, mark or distinctive design, because no container can be registered unless it is permanently identified by branding, stamping, blowing or otherwise. Therefore, if the name has been obliterated, the prohibition in Act No. 3070 does not and cannot apply.

What rights did defendant, Tan Tay & Co., acquire when it purchased these bottles from vendors of empty receptacles with the name "Ayala" already removed, as found by the trial court, so that the plaintiff's bottles could no longer be distinguished from those of other distilleries? Through such purchase, defendant acquired absolute ownership of the containers, and could utilize them for its own gin using its own trade-name inasmuch as they are already indistinctly mingled with bottles coming from other concerns, It is of the essence of the protection under Act. No. 3070 that the containers be identified. If their identity is lost protection is not given because it is not feasible.

Second. A permanent injunction against defendant-appellee would be illusory and unjust.

The impracticability of a permanent injunction inhibiting the defendant from using the plaintiff s receptacles is obvious from the following facts found by the trial court:

"El frasco, Exhibit B, utflizado por la demandada, es igual, en forma y dimensiones, a los envases o reoipientes de ginebra utilizados por varias destilerias, como son los de Benito Go Sun (Exhibit I), La Verdad, Inc. (Exh. 4), La Refineria Tan Tay & Co., Inc. (Exh. 2), Destileria La Fortuna, Inc. (Exh. 3). Lo dnico que distingue la procedencia de la ginebra en los mencionados frascos, exhibito 1, 2, 3, 4 y 5, son los marbetes que llevan, por los que se indica el nombre de la destileria's que ha fabriacado la ginebra, y los sellos que se adhieren a la tapadera del frasco que tambien llevan impreso el nombre de la fabrica."

* * * * *

"pero es el caso que tal envase, por su forma y dimensiones, es igual a los envases coimin y ordinariamente usados por otras varias destilerias en el pais, que se dedican a vender y fabricar ginebra, y lo unico que lo distingue de los demas es el nombre de 'Destilerias Ayala, Inc', estampado en realce en su parte superior. Borrado o arrasado tal nombre de la demandante en sus frascos, estos ya no tendrian marcas o sefiales para ser diferenciados de los demas."

How, the, could an order of injunction of this Court be enforced when there is no way of telling the plaintiff's receptacles who have already removed the names of the distilleries. The trial court found:

"* * * hubo de adquirir de los chinos que venden trastos viejos, envases usados, o de segunda mano, en que figuraban borrados o rapados adrede, los nombres de otras destilerias que los habian usado originariamente * * *." (Italics supplied.)

That being so, and inasmuch as it does not appear that all other distilleries have had their receptables registered under Act No. 3070, would it be fair to punish defendant for contempt of court for disobeying a writ of injunction? If the trial court had found that the defendant itself had erased the word "Ayala", the case might perhaps be different, but I express no definite opinion on this point because the fact established by the evidence is that the name had already been eliminated when defendant bought the container. The remedy if any, available to plaintiff is to proceed against the vendors who have obliterated its trade-name.

Third. The theory of the plaintiff s action is unfair competition under Act No. 3070. Paragraphs 2 and 3 of the complaint allege:

"2. Que la demandante, por largo tiempo a esta parte, ha estado y sigue fabricando ginebra, para dicho fin ha registrado para su uso exclusivo los frascos como el Exhibit A que se presenta con esta demanda cuyos frascos llevan escritas en su parte superior la etiqueta olicial de la demandante 'Destileria Ayala' por lo cual el publico puede conocer que el contenido es vino o ginebra fabricada por dicha demandante, cuyo registro se ha hecho ante la oficina correspondiente del Gobierno para que este le proteja en el uso exclusivo de dichas botellas frascos o envases.

"3. Que el demandado, obrando en perjuicio de le demandante y sin conocimiento ni consentimiento de esta, y con el fin de engañar al publico, ha estado y sigue usando botellas, frascos y envases de la demandante, coroo se demuestra con el frasco Exhibit B que se presenta con esta demanda haciendo al publico creer que el contenido de dichas envases es ginebra fabricada por la demandante, cuando en verdad es la fabricada por el demandado que es de inferior calidad, haciendo asi desmerecer la buena fema de la ginebra de la demandante y quitar de esta la buena acogida de su ginebra por parte del publico."

That the object of Act No 3070 is to prevent unfair competition is clear from its provision that registered containers cannot be used "for any analogous or similar substance(article or product, intended ior sde other than that orignally place in the same by the owner of such certificate of registration." Consequently, these bottles of piaintiff, with the name "Destileria Ayala, Inc.", could be lawfully used by any other person as containers for vinegar, sauce, or any other product dissimilar to gin, provided a name of such other person is attached thereto. Why? Because there would be no possible prejudice to the good will of plaintiff's business. For the same reason, it

is lawful for defendant to use those receptacles after the word Ayala has been removed by the vendors of empty containers, provided the defendant uses its own trade-name or trade-mark, as it has done in fact. It is true that Act No. 666 already protects trade-names, but Act No. 3070 likewise protects trade-names in connection with the use of containers, so that both Acts are intended to suppress unfair competition.

In view of the foregoing, I believe the judgment of the trial court should be affirmed.

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