

**INCHAUSTI & COMPANY, PLAINTIFFS AND APPELLEES, VS.
SONG FO & COMPANY ET AL., DEFENDANTS AND APPELLANTS.***G.R. No. 6623. January 26, 1912*

Ponente: CARSON, J.

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This is a suit brought under the provisions of Act No. 666 of the Philippine Commission, in which the plaintiffs seek to enjoin the defendants in the use of a certain trademark, and for damages consequent upon the alleged illegal use of the same. The plaintiff company is a general partnership duly organized under the laws of the Philippine Islands and is the owner of a distillery in the city of Manila known as the "Destileria de Tanduay." The defendants are the members of a general partnership duly organized according to the provisions of law, and are the owners and operators of a distillery in the city of Manila known as the "Destileria La Tondeña." Both firms are extensively engaged in the manufacture and sale of alcoholic liquors.

On October 6, 1903, plaintiffs caused to be registered in the division of archives, patents, copyrights and trademarks of the Government of the Philippine Islands a trademark for "anisados y alcoholes" as shown by Exhibit B. A sample or facsimile of this trade-mark is a part of the record and is marked "Exhibit A." It is shown to be a circular design inclosed within two concentric circles with the symbol of a demijohn in the center; across the face of the design, running in a horizontal direction are two parallel lines, and between these lines the word "Tanduay" is placed thus: TANDUAY; this horizontal design serves to divide the trade-mark into an upper and lower section; in the upper part between the two circles appears the word "Inchausti" and in the lower arc of the design in a similar position is the word "Compania." "Y" appears just underneath the symbol of the demijohn within the smaller circle. Labels bearing this trade-mark were affixed to the corks used by plaintiffs in the bottling of their products.

The defendants since 1906 have been using, among other labels, affixed to the corks used in the bottling of their products, a circular label bearing a design substantially similar to the registered trade-mark of plaintiffs. It is a label of practically the same size as that of plaintiffs. Its main features are two concentric circles having the symbol of a demijohn in the center; running across the face of the inner circle is a horizontal design similar to that in plaintiffs' registered trade-mark in which is written the abbreviation for factory, thus: FACT. The main difference in the two horizontal designs lies in the fact that in plaintiffs' registered trade-mark the horizontal design passes across the entire face of both circles, while in the trade-mark used by defendants the horizontal design passes only across the face of the inner circle. The wording of the two designs is different, but the general position of the wording is the same in both designs. The trade-marks appear to have been used in different colors and for the same purpose by both parties. The trade-mark used by defendants is shown in Exhibits C, CC, and CCC of the record. These trademarks are the same in general design, but vary in color and wording.

Reference to the certificate of registration (Exhibit B) which was granted to the plaintiff company by the division of archives, patents, copyrights and trade-marks of the Government of the Philippine Islands and to the facsimile copy of the trade-mark filed therewith shows that all the requirements of law were duly complied with, and that

all the statements and declarations relating thereto, together with facsimile copies of the trade-mark, were duly registered. We have before us a certified copy of all the registration proceedings. The facsimile of the trade-mark which was presented for registration and which is affixed to the copy of the registration proceedings (Exhibit B) is substantially identical in all respects to the trade-mark shown in Exhibit A. It is maintained with considerable zeal in appellants' brief that the description of the trademark as shown in the registration proceedings is not an accurate description of all details of the trade-mark claimed by appellees (Exhibit A) and that the granting of a certificate of registration for the trade-mark described in Exhibit B would not cover plaintiffs' trade-mark (Exhibit A). To determine this point we do not look alone to the description given in the registration proceedings; we must look to the whole record. A facsimile copy of the trademark sought to be registered was filed with the registration office, and it is now a part of the certified copy of the registration proceedings (Exhibit B) before us. As we have already stated, this facsimile copy which is an integral part of the registration records is substantially identical in all respects to plaintiffs' trade-mark (Exhibit A). We do not feel therefore that it is necessary to discuss appellants' contention that the description as given in the registration proceedings does not in all of its details cover plaintiffs' Exhibit A. The certified facsimile speaks for itself, and this together with the description is conclusive upon this point.

Defendants' counsel insist that Inchausti & Co. did not have the right to adopt as their exclusive trade-mark the design shown in Exhibit A, and that it was error on the part of the lower court to adjudge that they had such a right.

In support of this contention they rely upon the generally accepted rule that a symbol which represents something in universal use by the public generally, or by a particular class of the people, is not the subject of an exclusive trademark. It is shown by Exhibit 9 that many other firms and business houses in the Philippine Islands use circular labels; some of these having designs of which two or more concentric circles form a constituent element, others having horizontal lines across the face of a circular design somewhat similar to plaintiffs' design in this respect. It is urged that the demijohn is the only distinguishing element in plaintiffs' trade-mark upon which they could have been granted an exclusive trade-mark; and it is further contended that a demijohn being a well-known and generally used receptacle for alcoholic liquors, and being universally used by the distilling trade, plaintiffs for that reason are not entitled to the use of the same as a distinguishing symbol and trade-mark for their products. Many citations are given in support of this contention, and we do not question the soundness of the doctrine laid down in most of these cases.

But that plaintiffs are entitled to the exclusive use of the above-described trade-mark upon their products does not seem to us to be open to question. While the symbol of a demijohn alone might not be the subject of an exclusive trade-mark, yet we think that a demijohn used as it is in plaintiffs' trade-mark in combination with the other distinguishing elements therein may fairly be made the subject of an exclusive trade-mark. The component elements of a design are not to be considered separate and apart; we must look to the design as a whole; to the combination of those component elements. We are of opinion that the design shown in Exhibit A is the subject of an exclusive trade-mark, and that the plaintiffs have the exclusive ownership and right of use in the same by reason of the registration thereof and their use of this trade-mark in the sale of their products for many years.

We come now to a consideration of the question whether or not the trade-marks used by defendants shown in Exhibits C, CC, and CCC are infringements of plaintiffs' registered trade-mark. The court below predicated its decision upon sections 3 and 4 of Act No. 666 of the Philippine Commission. These sections relate to the violation of trade-mark rights and to remedies thereunder. Among other provisions of section 3 of the trade-mark law is the following:

"* * * any person entitled to the exclusive use of a trade-mark to designate the origin or ownership of goods he

has made or deals in may recover damages in a civil action from any person who has sold goods of a similar kind, bearing such trade-mark, * * *."

The section further provides for the method of determining the damages, and also concedes to the injured party the right to have an injunction restraining the further use of the trade-mark. The court below was evidently of the opinion that the trade-mark used by the defendants not only closely simulated the registered trade-mark of plaintiffs, but that they were in reality one and the same trademark and that the defendants were guilty of selling goods of a similar kind to those sold by plaintiffs and bearing the registered trade-mark used by plaintiffs. An examination of the two trade-marks in question reveals a striking similarity in the two designs, but we are not prepared to say that the likeness is such that the two designs could be considered one and the same trade-mark. And unless there is such a close resemblance as to result in this conclusion the action does not properly fall within the provisions of section 3 of the Trade-Mark Law. The reasoning of the opinion of the trial judge, however, does not in any way affect the merits of the issues involved in the case submitted, nor the judgment actually entered by him. Section 7 of the Trade-Mark Law provides as follows:

"Any person who in selling his goods shall give them the general appearance of the 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 * * * shall be guilty of unfair competition, and shall be liable to an action for damages * * * 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."

It will be seen that the measure of damages is to be determined in the same way as that provided in section 3, and the right of the complaining party to an injunction is the same as that provided for in cases of the violation of a trade-mark. The facts alleged in the complaint and proven at the trial sustain a judgment under either of these sections of Act No. 666. Section 3 relates to the actual use of the trade-mark of another, while section 7 relates to unfair competition, where a manufacturer or dealer either by the wrappings on a package, or by the words or devices thereon, or by any other feature of their appearance gives his goods the appearance of those of another manufacturer or dealer with the intent to deceive the public or defraud such other dealer or manufacturer out of his legitimate trade. For reasons already stated we are of opinion that the present case comes within the provisions of section 7 of the Trade-Mark Law.

We come now to apply the facts of the case to the provisions of law as they are set forth in section 7 of said Act No. 666. An examination of the labels used by the parties to this action shows that they are strikingly similar in their general design and appearance. We have already had occasion in the course of this opinion to give a rather minute description of both designs, and as facsimile copies of the same appear in the record we have had the opportunity to examine them. There are some details in which the two trade-marks vary, but in many and indeed in most important and essential details they are identical. Both designs have the demijohn as a central figure surrounded by two concentric circles. The horizontal planes which pass over the face of both designs differ only in length; in plaintiffs' design this plane terminates in the circumference of the outer circle, while in that of the defendants it terminates in the circumference of the inner circle. We can not escape the conclusion that the two trade-marks are so nearly alike in design and general appearance that only the most careful examination could detect that they were not in fact the same. Such an examination discloses the points of difference, but it is to be remembered that the purchasing public has, ordinarily, no such opportunity to make such an examination nor is

there any reason to impose such an obligation on the public. In the case of *U. S. vs. Manuel* (7 Phil. Rep., 221) this court said:

"The true test of unfair competition is whether certain goods have been intentionally clothed with an appearance which is likely to deceive the ordinary purchaser exercising ordinary care, and not whether a certain limited class of purchasers with special knowledge not possessed by the ordinary purchaser could avoid mistake by the exercise of this special knowledge."

A person thoroughly familiar with the details of design in plaintiffs' trade-mark, and exercising special care in examining the goods offered for sale and the wording used on the trade-mark, would hardly be deceived by the trademark used by the defendants. It certainly could be only in the exercise of such careful scrutiny as this, however, that an intending purchaser could assure himself that the two labels were different. We are satisfied beyond a reasonable doubt that the similarity of the two labels, and the further fact that they are affixed in the same way by both parties to the corks used in the bottling of their products, would be the means of influencing the purchaser to believe that the goods offered by the defendants were those of plaintiff's manufacture. We are of opinion that the charge of unfair competition is fully sustained by the record. The similarity in the appearance of the goods as packed and offered for sale is so striking that we are unable to attribute this fact to anything other than an intent on the part of defendants to deceive the public and defraud plaintiffs out of their legitimate trade, and in this case we infer such intent from the likeness of the goods so packed and offered for sale.

The lower court directed that the defendants render an account to the plaintiffs of the profits which they had derived from the sale of their alcoholic liquors under the trade-mark in question, in accordance with the provisions of the Trade-Mark Law. It appears, however, that the parties hereto have agreed, for the purpose of this appeal, that the measure of profits shall be reckoned at the sum of P1,000. The judgment of the lower court is therefore affirmed, except in so far as it makes provision for the taking of an account, and in so far as it thus provides for the taking of an account, the judgment, in accord with the agreement of the parties on appeal, is modified by substituting therefor judgment in favor of the plaintiffs and against the defendants for the sum of P1,000. The costs of the proceedings in both instances are allowed in favor of the plaintiff company and against the defendants.

Torres, Mapa, Johnson, Moreland, and Trent, JJ., concur.

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