

THE UNITED STATES, PLAINTIFF AND APPELLEE, VS. J. KYBURZ, DEFENDANT AND APPELLANT.

G.R. No. 9458. November 24, 1914

Ponente: CARSON, J.

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CARSON, J.:

Kyburz, the defendant and appellant in this case, was convicted in the court below of a violation of section 6 of Act No. 666 of the Philippine Commission, which defines and penalizes the fraudulent use of trade-marks and trade names, and was sentenced to pay a fine of P200 and costs.

The information charges the commission of the alleged offense as follows:

"That on or about and during the period included between the 4th and the 22d days of September, 1913, in the city of Manila, Philippine Islands, the said J. Kyburz was a merchant and the proprietor of the business known as the Manila Jewelry Store, engaged in the sale of watches, among other things; that during the same period, and for a number of years prior thereto in the said city of Manila, the commercial firm known by the name of Greilsammer Hermanos, a partnership duly licensed to do business therein, was also engaged in the sale of watches, including those known as Meridian watches, the trade-mark in the Philippine Islands for which was then and there owned and registered exclusively by the said firm of Greilsammer Hermanos, under the laws of the Philippine Islands, which trade-mark consisted of a sphere with the word Meridian in its center, applied to the cases and movements of the Meridian watches; and that during the aforesaid period, in the said city of Manila, Philippine Islands, the said J. Kyburz, with intent to defraud the public and the said firm of Greilsammer Hermanos, owner of the above described trade-mark, did then and there unlawfully, willfully, and feloniously use the word Meridian on cards placed on and in connection with his watches, for the purpose of selling the same as genuine Meridian watches, at his place of business, the said Manila Jewelry Store and with the intention of making the purchasers believe that the said watches thus offered for sale and sold by the said J. Kyburz were genuine Meridian watches when in truth and in fact they were watches of some other make, to the damage and prejudice of the aforesaid Greilsammer Hermanos. All contrary to law."

Greilsammer Hermanos is a regularly organized partnership engaged in the retail jewelry business in Manila. Since the year 1903 it has imported from a manufacturing firm in Europe a certain class of watches upon which after due inspection it engraves a trademark consisting of a sphere across which runs a scroll bearing the word Meridian. The watches thus inspected and marked have been advertised and put on sale in this country for several years under the trade name of Meridian watches. The trademark above described was duly registered on or about December, 1908.

In the month of September, 1913, Kyburz, the defendant in this case, was the owner of two retail jewelry stores in Manila, located within about two minutes' walk of each other. He spent most of his time in one of them known as El Zenith the other, known as the Manila Jewelry Store, being in charge of a manager. The defendant admitted that he visited the Manila Jewelry Store several times a week, and it would appear to have been at all times under

his supervision and control.

During the month of September, 1913, a number of watches were displayed in a prominent place in one of the show windows of the Manila Jewelry Store under a show card or placard (Exhibits B and C) which reads as follows:

MERIDIAN

Ten jewels. 20 years guaranty.

At P13.50. Before P16.50.

It appears that the watches thus put on sale in the defendant's jewelry store were purchased from the same manufacturer in Europe from whom Greilsammer Hermanos purchased the watches upon which they engraved their trade-mark and which they sold under the trade name of Meridian watches. It would appear furthermore that these watches are substantially identical in quality and design, and apparently are shipped by the manufacturer from one and the same stock.

The witness Wolfson purchased one of these watches from a clerk employed in the Manila Jewelry Store, who issued to him a written guaranty in which this watch was described as a Meridian sin marca (unmarked). This guaranty bore the signature of both the clerk who issued it and the defendant, the owner of the store. It would appear, however, that defendant signed the guaranty in blank, leaving it to be filled out by the clerk at the time of the sale.

The defendant testifying in his own behalf, swore that the clerk was not instructed or authorized to set forth in the guaranty that these watches were Meridian watches. The clerk himself, who testified that he was not a watchmaker but that he had been working for the defendant for about four months, said that he first discovered the identity of the Meridian watches with those sold by the defendant upon an occasion when a customer called for a Meridian watch, upon which occasion he made a comparison of the two watches and satisfied himself that they were of the same make in every respect. Upon cross-examination, he was unable to describe the Meridian mark, and his testimony to the effect that he himself made the discovery as to the identity of origin of these watches does not impress us favorably, and was not accepted as true by the court below. Both the manager of the branch store and the defendant himself admitted that they were aware of the identity in origin of the two watches, and the defendant went so far as to say that when prospective purchasers asked him for a meridian watch he informed them that he had the same watch but without the mark Meridian.

The first contention of counsel for appellant is that the trial court erred in holding Kyburz criminally responsible for the acts of his employees in the Manila Jewelry Store in offering for sale and in selling watches under the trade name of Meridian watches. It is urged that the trial court erred in holding that Kyburz directed or authorized the action of his employees in the Manila Jewelry Store, in view of the positive denials of that fact by both Kyburz and the clerk who made the sale above mentioned. After a careful review of the whole record we find nothing which would justify us in holding that the trial court erred in refusing to believe the testimony of these interested witnesses, and upon the whole record we do not think that we would be justified in disturbing the finding of the trial judge that the offer to sell and the sale of watches under the trade name of Meridian watches were made with the knowledge and consent, if not by the express direction of the defendant.

While it is true that in cases of this kind the master cannot be held criminally responsible for the acts of his employees unless they are done by his direction or with his consent, nevertheless, there can be no question that he is amenable to the criminal law when he assents, either expressly or impliedly, to the commission of the act, whether he is present or not.

The doctrine, supported by authority, is set forth as follows in 7 Labatt's Master and Servant, section 2566:

"So the master is criminally responsible if he causes the illegal act to be done, or requests, commands, or permits it, or in any manner authorizes it, or aids and abets the servant in its- commission. He cannot, without rendering himself amenable to the criminal law, participate in the offense, or have knowledge of it, or exercise any control over it, or in any manner assent to it, whether he is present at the time the unlawful act is committed or not."

It is contended on various grounds that the trial court erred in holding that the facts as found by him constituted a violation of the provisions of section 6 of Act No. 666. Counsel insists that since defendant did not place the trade-mark or trade name on the watches sold by him, he cannot be held liable for an infringement of the penal provisions of section 6 of the Act, which prescribe that "any person who, with intent to defraud the public or the owner of a trade-mark or trade name, shall use the trade-mark of another on his goods offered for sale, . * * * . shall be punished by a fine of not exceeding two thousand five hundred dollars, or by imprisonment not exceeding three years, or both, in the discretion of the court. * * *"

But this contention is manifestly untenable in view of the fact that the penal provisions of the statute are extended also in express terms to one who uses the "trade name of another in his business, occupation, or profession." Indeed one of the distinguishing characteristic's of a trade name is that, unlike trade-marks, they are not necessarily attached or affixed to the goods of the owner.

Section 5 of the Act provides that: "A trade name is the name, device, or mark by which is intended to be distinguished from that of others the business, profession, trade, or occupation in which one may be engaged and in which goods are manufactured or sold to the public, work is done for the public, or professional services are rendered to the public. It is not essential that the trade name should appear on the goods manufactured or dealt in by the person owning or using the same. It is sufficient if the trade name is used by way of advertisements, signs over the place of business, upon letter heads, and in other ways to furnish to the public a method of distinguishing the business, trade, or occupation of the person owning and using such name. Property in trade names shall be as fully protected as property in a trade-mark by the civil remedies provided in section three of this Act for the protection of property in trademarks."

Trade names have been frequently confused with trademarks, and, broadly considered, they do include names which may constitute trade-marks.

"More accurately, however, trade names are names which are used in trade to designate a particular business of certain individuals considered somewhat as an entity, or the place at which a business is located, or of a class of goods, but which are not technical trade-marks either because not applied or affixed to goods sent into the market, or because not capable of exclusive appropriation by anyone as trade-marks. Such trade names may, or may not, be exclusive. Exclusive trade names are protected very much upon the same principles as trade-marks, and the same rules that govern trade-marks are applied in determining what may be an exclusive trade name." (38 Cyc, 764, and cases there cited.)

It is further contended that the evidence does not disclose a violation of the penal provisions of section 6 of the Act because it does not appear that the public was in fact deceived as to the quality of the watches purchased from the defendant, the watches sold by the defendant and the complaining company having been made by the same manufacturer, and being in fact of exactly the same standard and quality. It is to be observed, however, that the statute penalizes the use of trade-marks and trade names with intent to defraud either the public or the owner of such trade-mark or trade name.

Trade names are protected against use or imitation upon the ground of unfair competition, and an examination of

the statute clearly indicates its purpose to protect the manufacturer or dealer as well as the public.

"The rule which protects against unfair competition is primarily for the protection of the party against whom such competition is directed, and only incidentally for the protection of the public. In some of the cases language is used which would suggest that the public is under the protection of the court, but in fact the liability of the article to mislead the public is only an element of proof in the plaintiff's case, the evidence showing that he has been or may be injured by the fraudulent acts of the defendant. The court, therefore, does not interfere for the purpose of preventing the public from being misled, except in so far as it is necessary to protect the owner of a business from its fraudulent invasion by others. If what is done tends to mislead the public, it naturally diverts customers from the complainant, to the injury of his business. The prohibition is upon so acting as to beguile the public, and thus mislead an intending purchaser into buying the goods of one person under the belief that he is buying those of a rival." (Paul on Trademarks, sec. 215.)

The same author in section 209 says that "the law of unfair competition rests upon the simple principle that no person has the right to sell his own goods as those of another. In other words, the basic rule is that no one shall, by imitation or any unfair device, induce the public to believe that the goods he offers for sale are the goods of another, and thereby appropriate to himself the value of the reputation which the other has acquired for his own products or merchandise."

We think that the following citation from the opinion of the Supreme Court of the United States in the case of *Menendez vs. Holt* (128 U. S., 514), written by Chief Justice Fuller, quite clearly indicates the grounds upon which the decision of the court below must be sustained:

"The fact that Holt & Co. were not the actual manufacturers of the flour upon which they had for years placed the brand in question does not deprive them of the right to be protected in the use of that brand as a trade-mark.

"They used the words *La Favorita* to designate flour selected by them, in the exercise of their best judgment as equal to a certain standard. The brand did not indicate by whom the flour was manufactured, but it did indicate the origin of its selection and classification. It was equivalent to the signature of Holt & Co. to a certificate that the flour was the genuine article which had been determined by them to possess a certain degree of excellence. It did not, of course, in itself indicate quality, for it was merely a fancy name and in a foreign language, but it evidenced that the skill, knowledge, and judgment of Holt & Co. had been exercised in ascertaining that the particular flour so marked was possessed of a merit rendered definite by their examination and of a uniformity rendered certain by their selection."

Greilsammer Hermanos import watches of a certain make and standard, stamp them with their trade-mark, put them on the market under the trade name of Meridian watches, and have advertised them and established a market for them. By so doing they give the public to understand that watches known in Manila as Meridian watches are of a certain make, standard, and quality, guaranteed by them. A sale of a Meridian watch by them carries with it the guaranty that in their best judgment it is equal to the standard thus established. They do not claim to be the manufacturers of these watches, but every sale by them of a watch under the trade name thus adopted and advertised implies that their skill and judgment, as watchmakers and jewellers, has been exercised in ascertaining that this watch is up to the standard established for watches known as Meridian watches.

Trade names are acquired by adoption and user, and belong to the one who first uses them and gives them value. (*Viano vs. Baccigalupo*, 183 Mass., 160; *Chadron Opera House Co. vs. Loomer*, 71 Neb., 785; *Liebig's Extract of Meat Co. vs. Liebig Extract Co.*, 172 Fed., 158.) We think that there can be no doubt that Greifsammer Hermanos have acquired the exclusive ownership of the trade name Meridian as applied to this class of watches, and that they are clearly entitled to protection from the use of this trade name by others, not only under the express provisions of section 6 of the Act, but also upon the general grounds which afford protection against unfair competition.

Of course, nothing that has been said should be construed as a holding that Greilsammer Hermanos have an exclusive right to sell watches of the make or standard of those on which they engrave their trade-mark, and which are thereafter sold by them under the trade name of Meridian watches. There is nothing in the record which would indicate that, by contract with the manufacturer or otherwise, they have acquired any such exclusive right in and to this make of watches or in and to their sale. We hold only that no person is entitled in these Islands to sell watches, whether of the same make and quality as those of the defendant or of any other make and quality, under the trade name of Meridian watches, which by adoption and user has become the property of Greilsammer Hermanos. With the infinity of distinguishing names, marks and signs which are subject to the use and appropriation of makers and dealers in watches, the use of the trade name Meridian by any other firm than Greilsammer Hermanos can have but one reasonable explanation, and that is the intent to take advantage of the favorable opinion formed by the public of the quality and standard of the watches sold by that firm under the trade name adopted by it for advertising purposes, and as a guaranty to the public that such watches have passed through its hands and are up to the standard set by it for watches advertised and sold as Meridian watches.

We find no error in the proceedings prejudicial to the rights of the accused. The judgment entered in the court below should therefore be affirmed, with the costs of this instance against the appellant. So ordered.

Arellano, C. J., Torres and Araullo, JJ., concur.

Moreland, J., dissents.

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