

43 Phil. 724

[G. R. No. 18155. September 07, 1922]

**FORBES, MUNN & CO., LTD., PLAINTIFF AND APPELLANT, VS. ANG SAN TO,
DEFENDANT AND APPELLANT.**

D E C I S I O N

MALCOLM, J.:

Both parties to this case appeal from a judgment of the Honorable Carlos A. Imperial, Judge of First Instance of Manila, awarding the plaintiff the sum of P8,000, with legal interest from August 18, 1921, and the costs, to be paid by the defendant. The principal contention of the plaintiff-appellant is that it should have as damages the sum of P32,1 12.84, while defendant-appellant argues that the plaintiff should recover nothing.

The case has been once before considered by this court, (Forbes, Munn & Co. vs. Ang San To [1919], 40 Phil., 272.) The dispositive part of our decision reads: "Judgment is reversed and the record shall be returned to the trial court, where a permanent injunction shall issue enjoining the defendant from using the infringing trade-mark Exhibit B or any other like imitation of plaintiff's trade-mark, and where evidence shall be taken for the determination of the damages which should be entered in favor of the plaintiff. The plaintiff shall recover costs in both instances." It was in pursuance of these instructions that the trial was had in the Court of First Instance, with the result previously announced. Our precise inquiry should be whether the evidence of record warrants us in modifying the decision of the trial judge.

Prior to May, 1916, when Forbes, Munn & Co. was free from the injurious competition of defendant's pirated trademark, its sales of khaki "Tres Soldados" averaged six hundred pieces per month. After that date, and until the end of December, 1916, when an injunction was issued to restrain the defendant from using the infringing mark, plaintiff's sales slumped to two hundred pieces a month. This diminution in plaintiff's sales was fixed at P16,056.42. But the trial court, holding that it could not be determined with certainty that all of this loss was due to defendant's infringement, reduced the amount to P8,000, which

was considered double what plaintiff actually suffered. In so far as this appreciation of facts relates to the errors assigned by the plaintiff, we may say that we agree with the findings as made.

Counsel for defendant-appellant makes a very ingenious argument predicated principally on the small amount of the defendant's sales during the period in question. Between April 12, 1916, and the last of September of the same year, defendant's sales of khaki "Cinco Soldados," amounted only to sixty-two pieces. But defendant's sales manifestly do not constitute a just measure of damages, because in addition there must be taken into account the extent of the injury caused to the "credit of the owner's mark by the use of the trade-mark on inferior goods. Defendant's acts may have injured plaintiff's business without enabling defendant to make an equivalent gain. In an action at law, damages "must be based upon the injury sustained by the complainant by loss of sales and injury to the reputation of his trade-mark. Evidence of the extent of the defendant's sales may be proper, but only as proof of injury to the complainant, and not with a view to measuring the plaintiff's damages by the defendant's profits." (Hopkins on Trademarks, Tradenames, and Unfair Competition, 3d ed., p. 423.)

Counsel for defendant-appellant further contends that the plaintiff, having prayed in his original complaint that the defendant "be directed to render under oath a true and complete account of profits," this must be the norm for the ascertainment of the amount of damages. It should be recalled, however, that the instruction of this court was for the determination of the damages which should be entered in favor of the plaintiff, while even if counsel's stand is correct, yet pursuant to section 110 of the Code of Civil Procedure, the court could allow the plaintiff to amend his complaint, so that "the actual merits of the controversy may speedily be determined, without regard to technicalities, and in the most expeditious and inexpensive manner."

The owner of the trade-mark is entitled to the actual damages he has suffered by reason of the infringement. In determining the amount of these damages, the measure adopted is either what the infringer gained or what the owner lost. Our trade-mark law, in permitting any person entitled to the exclusive use of a trade-mark to recover damages, provides that " * * * the measure of the damages suffered, at the option of the complaining party, shall be either the reasonable profit which the complaining party would have made had the defendant not sold the goods with the trade-mark aforesaid, or the profit which the defendant actually made out of the sale of the goods with the trade-mark, and in cases where actual intent to mislead the public or to defraud the owner of the trade-mark shall be

shown, in the discretion of the court, the damages may be doubled.” (Act No. 666, sec. 3.) Presumably, the election of the plaintiff here is, for what it has lost by defendant’s breach of covenant and not what the defendant has gained thereby.

We revert again to the fact that the trial court fixed upon P4,000 as the reasonable profit which the complaining party would have made had the defendant not sold the goods with the infringing trade-mark, and finding that actual intent to mislead the public was shown, doubled the damages. On the facts stated in the decision appealed from, this seems to be a reasonably probable estimate. We would be the more loath to change it, since all of the evidence has not been elevated to this court. It results, therefore, that the judgment is affirmed, with costs against the defendant-appellant. So ordered.

Araullo, C. J., Johnson, Street, Avanceña, Villamor, Ostrand, Johns, and Romualdez, JJ., concur.