

Republic of the Philippines
SUPREME COURT
Manila
EN BANC

G.R. No. 103543 July 5, 1993

ASIA BREWERY, INC., petitioner,

vs.

THE HON. COURT OF APPEALS and SAN MIGUEL CORPORATION, respondents.

Abad Santos & Associates and Sycip, Salazar, Hernandez & Gatmaitan for petitioner.

Roco, Bunag, Kapunan Law Office for private respondent.

GRIÑO-AQUINO, J.:

On September 15, 1988, San Miguel Corporation (SMC) filed a complaint against Asia Brewery Inc. (ABI) for infringement of trademark and unfair competition on account of the latter's BEER PALE PILSEN or BEER NA BEER product which has been competing with SMC's SAN MIGUEL PALE PILSEN for a share of the local beer market. (San Miguel Corporation vs. Asia Brewery Inc., Civ. Case. No. 56390, RTC Branch 166, Pasig, Metro Manila.).

On August 27, 1990, a decision was rendered by the trial Court, presided over by Judge Jesus O. Bersamira, dismissing SMC's complaint because ABI "has not committed trademark infringement or unfair competition against" SMC (p. 189, *Rollo*).

SMC appealed to the Court of Appeals (C.A.-G.R. CV No. 28104). On September 30, 1991, the Court of Appeals (Sixth Division composed of Justice Jose C. Campos, Jr., chairman and *ponente*, and Justices Venancio D. Aldecoa Jr. and Filemon H. Mendoza, as members) reversed the trial court. The dispositive part of the decision reads as follows:

In the light of the foregoing analysis and under the plain language of the applicable rule and principle on the matter, We find the defendant Asia Brewery Incorporated GUILTY of infringement of trademark and unfair competition. The decision of the trial court is hereby REVERSED, and a new judgment entered in favor of the plaintiff and against the defendant as follows:

(1) The defendant Asia Brewery Inc. its officers, agents, servants and employees are hereby permanently enjoined and restrained from manufacturing, putting up, selling, advertising, offering or announcing for sale, or supplying Beer Pale Pilsen, or any similar preparation, manufacture or beer in bottles and under labels substantially identical with or like the said bottles and labels of plaintiff San Miguel Corporation employed for that purpose, or substantially identical with or like the bottles and labels now employed by the defendant for that purpose, or in bottles or under labels which are calculated to deceive purchasers and consumers into the belief that the beer is the product of the plaintiff or which will enable others to substitute, sell or palm off the said beer of the defendant as and for the beer of the plaintiff-complainant.

(2) The defendant Asia Brewery Inc. is hereby ordered to render an accounting and pay the San Miguel Corporation double any and all the payments derived by defendant from operations of its business and the sale of goods bearing the mark "Beer Pale Pilsen" estimated at approximately Five Million Pesos (P5,000,000.00); to recall all its products bearing the mark "Beer Pale Pilsen"

from its retailers and deliver these as well as all labels, signs, prints, packages, wrappers, receptacles and advertisements bearing the infringing mark and all plates, molds, materials and other means of making the same to the Court authorized to execute this judgment for destruction.

(3) The defendant is hereby ordered to pay plaintiff the sum of Two Million Pesos (P2,000,000.00) as moral damages and Half a Million Pesos (P5,000,000.00) by way of exemplary damages.

(4) The defendant is further ordered to pay the plaintiff attorney's fees in the amount of P250,000.00 plus costs to this suit. (p. 90, *Rollo.*)

Upon a motion for reconsideration filed by ABI, the above dispositive part of the decision, was modified by the separate opinions of the Special Sixth Division¹ so that it should read thus:

In the light of the foregoing analysis and under the plain language of the applicable rule and principle on the matter, we find the defendant Asia Brewery Incorporated *GUILTY of infringement of trademark and unfair competition*. The decision of the trial court is hereby REVERSED, and a new judgment entered in favor of the plaintiff and against the defendant as follows:

(1) The defendant Asia Brewery Inc., its officers, agents, servants and employees are hereby permanently enjoined and restrained from manufacturing, putting up, selling, advertising, offering or announcing for sale, or supplying Beer Pale Pilsen, or any similar preparation, manufacture or beer in bottles and under labels substantially identical with or like the said bottles and labels of plaintiff San Miguel Corporation employed for that purpose, or substantially identical with or like the bottles and labels now employed by the defendant for that purpose, or in bottles or under labels which are calculated to deceive purchasers and consumers into the belief that the beer is the product of the plaintiff or which will enable others to substitute, sell or palm off the said beer of the defendant as and for the beer of the plaintiff-complainant.

(2) The defendant Asia Brewery Inc. is hereby ordered² to recall all its products bearing the mark Beer Pale Pilsen from its retailers and deliver these as well as all labels, signs, prints, packages, wrappers, receptacles and advertisements bearing the infringing mark and all plates, molds, materials and other means of making the same to the Court authorized to execute this judgment for destruction.

(3) The defendant is hereby ordered to pay plaintiff the sum of Two Million Pesos (P2,000,000.00) as moral damages and Half a Million Pesos (P500,000.00) by way of exemplary damages.

(4) The defendant is further ordered to pay the plaintiff attorney's fees in the amount of P250,000.00 plus costs of this suit.

In due time, ABI appealed to this Court by a petition for *certiorari* under Rule 45 of the Rules of Court. The lone issue in this appeal is whether ABI infringes SMC's trademark: *San Miguel Pale Pilsen with Rectangular Hops and Malt Design*, and thereby commits unfair competition against the latter. It is a factual issue (*Phil. Nut Industry Inc. v. Standard Brands Inc.*, 65 SCRA 575) and as a general rule, the findings of the Court of Appeals upon factual questions are conclusive and ought not to be disturbed by us. However, there are exceptions to this general rule, and they are:

(1) When the conclusion is grounded entirely on speculation, surmises and conjectures;

- (2) When the inference of the Court of Appeals from its findings of fact is manifestly mistaken, absurd and impossible;
- (3) Where there is grave abuse of discretion;
- (4) When the judgment is based on a misapprehension of facts;
- (5) When the appellate court, in making its findings, went beyond the issues of the case, and the same are contrary to the admissions of both the appellant and the appellee;
- (6) When the findings of said court are contrary to those of the trial court;
- (7) When the findings are without citation of specific evidence on which they are based;
- (8) When the facts set forth in the petition as well as in the petitioner's main and reply briefs are not disputed by the respondents; and
- (9) When the findings of facts of the Court of Appeals are premised on the absence of evidence and are contradicted on record. (Reynolds Philippine Corporation vs. Court of Appeals, 169 SCRA 220, 223 citing, Mendoza vs. Court of Appeals, 156 SCRA 597; Manlapaz vs. Court of Appeals, 147 SCRA 238; Sacay vs. Sandiganbayan, 142 SCRA 593, 609; Guita vs. CA, 139 SCRA 576; Casanayan vs. Court of Appeals, 198 SCRA 333, 336; also Apex Investment and Financing Corp. vs. IAC, 166 SCRA 458 [citing Tolentino vs. De Jesus, 56 SCRA 167; Carolina Industries, Inc. vs. CMS Stock Brokerage, Inc., 97 SCRA 734; Manero vs. CA, 102 SCRA 817; and Moran, Jr. vs. CA, 133 SCRA 88].)

Under any of these exceptions, the Court has to review the evidence in order to arrive at the correct findings based on the record (Roman Catholic Bishop of Malolos, Inc. vs. IAC, 191 SCRA 411, 420.) Where findings of the Court of Appeals and trial court are contrary to each other, the Supreme Court may scrutinize the evidence on record. (Cruz vs. CA, 129 SCRA 222, 227.)

The present case is one of the exceptions because there is no concurrence between the trial court and the Court of Appeals on the lone factual issue of whether ABI, by manufacturing and selling its BEER PALE PILSEN in amber colored steinie bottles of 320 ml. capacity with a white painted rectangular label has committed trademark infringement and unfair competition against SMC.

Infringement of trademark is a form of unfair competition (Clarke vs. Manila Candy Co., 36 Phil. 100, 106). Sec. 22 of Republic Act No. 166, otherwise known as the Trademark Law, defines what constitutes infringement:

Sec. 22. Infringement, what constitutes. — Any person who shall use, without the consent of the registrant, any reproduction, counterfeit, copy or colorable imitation of any *registered* mark or trade-name in connection with the sale, offering for sale, or advertising of any goods, business or services on or in connection with which such use is likely to cause confusion or mistake or to deceive purchasers or others as to the source or origin of such goods or services, or identity of such business; or reproduce, counterfeit, copy or colorably imitate any such mark or trade-name and apply such reproduction, counterfeit, copy, or colorable imitation to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used upon or in connection with such goods, business or services, shall be liable to a civil action by the registrant for any or all of the remedies herein provided. (Emphasis supplied.)

This definition implies that only *registered* trade marks, trade names and service marks are protected against infringement or unauthorized use by another or others. The use of someone else's registered trademark, trade name or service mark is unauthorized, hence, actionable, if it is done "without the consent of the registrant." (*Ibid.*)

The registered trademark of SMC for its pale pilsen beer is:

San Miguel Pale Pilsen With Rectangular Hops and Malt Design. (Philippine Bureau of Patents, Trademarks and Technology Transfer Trademark Certificate of Registration No. 36103, dated 23 Oct. 1986, (p. 174, *Rollo.*)

As described by the trial court in its decision (Page 177, *Rollo*):

. . . a rectangular design [is] bordered by what appears to be *minute grains arranged in rows of three in which there appear in each corner hop designs.* At the top is a phrase written in small print "Reg. Phil. Pat. Off." and at the bottom "Net Contents: 320 Ml." The dominant feature is the phrase "*San Miguel*" written horizontally at the upper portion. Below are the words "Pale Pilsen" written diagonally across the middle of the rectangular design. In between is a coat of arms and the phrase "Expertly Brewed." The "S" in "San" and the "M" of "Miguel," "P" of "Pale" and "Pilsen" are written in Gothic letters with fine strokes of serifs, the kind that first appeared in the 1780s in England and used for printing German as distinguished from Roman and Italic. Below "Pale Pilsen" is the statement "And Bottled by" (first line, "San Miguel Brewery" (second line), and "Philippines" (third line). (p. 177, *Rollo*; Emphasis supplied.)

On the other hand, ABI's trademark, as described by the trial court, consists of:

. . . a rectangular design bordered by what appear to be *buds of flowers with leaves.* The dominant feature is "*Beer*" written across the upper portion of the rectangular design. The phrase "Pale Pilsen" appears immediately below in smaller block letters. To the left is a hop design and to the right, written in small prints, is the phrase "Net Contents 320 ml." Immediately below "Pale Pilsen" is the statement written in three lines "Especially brewed and bottled by" (first line), "Asia Brewery Incorporated" (second line), and "Philippines" (third line), (p. 177, *Rollo*; Emphasis supplied.)

Does ABI's BEER PALE PILSEN label or "design" infringe upon SMC's SAN MIGUEL PALE PILSEN WITH RECTANGULAR MALT AND HOPS DESIGN? The answer is "No."

Infringement is determined by the "test of dominancy" rather than by differences or variations in the details of one trademark and of another. The rule was formulated in *Co Tiong Sa vs. Director of Patents*, 95 Phil. 1, 4 (1954); reiterated in *Lim Hoa vs. Director of Patents*, 100 Phil. 214, 216-217 (1956), thus:

It has been consistently held that the question of infringement of a trademark is to be determined by the *test of dominancy*. Similarity in size, form and color, while relevant, is not conclusive. If the competing trademark contains the main or essential or dominant features of another, and confusion and deception is likely to result, infringement takes place. Duplication or imitation is not necessary; nor it is necessary that the infringing label should suggest an effort to imitate. [C. *Neilman Brewing Co. vs. Independent Brewing Co.*, 191 F., 489, 495, citing *Eagle White Lead Co., vs. Pflugh* (CC) 180 Fed. 579]. The question at issue in cases of infringement of trademarks is whether the use of the marks involved would be likely to *cause confusion or mistakes in the mind of the public or deceive*

purchasers. (Auburn Rubber Corporation vs. Honover Rubber Co., 107 F. 2d 588; . . .) (Emphasis supplied.)

In *Forbes, Munn & Co. (Ltd.) vs. Ang San To*, 40 Phil. 272, 275, the test was similarity or "resemblance between the two (trademarks) such as would be likely to cause the one mark to be mistaken for the other. . . . [But] this is not such similitude as amounts to identity."

In *Phil. Nut Industry Inc. vs. Standard Brands Inc.*, 65 SCRA 575, the court was more specific: the test is "similarity in the dominant features of the trademarks."

What are the dominant features of the competing trademarks before us?

There is hardly any dispute that the dominant feature of SMC's trademark is the name of the product: SAN MIGUEL PALE PILSEN, written in white Gothic letters with elaborate serifs at the beginning and end of the letters "S" and "M" on an amber background across the upper portion of the rectangular design.

On the other hand, the dominant feature of ABI's trademark is the name: BEER PALE PILSEN, with the word "Beer" written in large amber letters, larger than any of the letters found in the SMC label.

The trial court perceptively observed that the word "BEER" does not appear in SMC's trademark, just as the words "SAN MIGUEL" do not appear in ABI's trademark. Hence, there is absolutely no similarity in the dominant features of both trademarks.

Neither in sound, spelling or appearance can BEER PALE PILSEN be said to be confusingly similar to SAN MIGUEL PALE PILSEN. No one who purchases BEER PALE PILSEN can possibly be deceived that it is SAN MIGUEL PALE PILSEN. No evidence whatsoever was presented by SMC proving otherwise.

Besides the dissimilarity in their names, the following other dissimilarities in the trade dress or appearance of the competing products abound:

(1) The SAN MIGUEL PALE PILSEN bottle has a slender tapered neck.

The BEER PALE PILSEN bottle has a fat, bulging neck.

(2) The words "pale pilsen" on SMC's label are printed in bold and laced letters along a *diagonal* band, whereas the words "pale pilsen" on ABI's bottle are half the size and printed in slender block letters on a straight *horizontal* band. (See Exhibit "8-a").

(3) The names of the manufacturers are prominently printed on their respective bottles.

SAN MIGUEL PALE PILSEN is "Bottled by the San Miguel Brewery, Philippines," whereas BEER PALE PILSEN is "Especially brewed and bottled by Asia Brewery Incorporated, Philippines."

(4) On the back of ABI's bottle is printed in big, bold letters, under a row of flower buds and leaves, its copyrighted slogan:

"BEER NA BEER!"

Whereas SMC's bottle carries no slogan.

(5) The back of the SAN MIGUEL PALE PILSEN bottle carries the SMC logo, whereas the BEER PALE PILSEN bottle has no logo.

(6) The SAN MIGUEL PALE PILSEN bottle cap is stamped with a coat of arms and the words "San Miguel Brewery Philippines" encircling the same.

The BEER PALE PILSEN bottle cap is stamped with the name "BEER" in the center, surrounded by the words "Asia Brewery Incorporated Philippines."

(7) Finally, there is a substantial price difference between BEER PALE PILSEN (currently at P4.25 per bottle) and SAN MIGUEL PALE PILSEN (currently at P7.00 per bottle). One who pays only P4.25 for a bottle of beer cannot expect to receive San Miguel Pale Pilsen from the storekeeper or bartender.

The fact that the words *pale pilsen* are part of ABI's trademark does not constitute an infringement of SMC's trademark: SAN MIGUEL PALE PILSEN, for "pale pilsen" are generic words descriptive of the color ("pale"), of a type of beer ("pilsen"), which is a light bohemian beer with a strong hops flavor that originated in the City of Pilsen in Czechoslovakia and became famous in the Middle Ages. (Webster's Third New International Dictionary of the English Language, Unabridged. Edited by Philip Babcock Gove. Springfield, Mass.: G & C Merriam Co., [c] 1976, page 1716.) "Pilsen" is a "primarily geographically descriptive word," (Sec. 4, subpar. [e] Republic Act No. 166, as inserted by Sec. 2 of R.A. No. 638) hence, non-registerable and not appropriable by any beer manufacturer. The Trademark Law provides:

Sec. 4. . . . The owner of trade-mark, trade-name or service-mark used to distinguish his goods, business or services from the goods, business or services of others shall have the right to register the same [on the principal register], unless it:

xxx xxx xxx

(e) Consists of a mark or trade-name which, when applied to or used in connection with the goods, business or services of the applicant is *merely descriptive or deceptively misdescriptive of them*, or when applied to or used in connection with the goods, business or services of the applicant is *primarily geographically descriptive* or deceptively misdescriptive of them, or is primarily merely a surname." (Emphasis supplied.)

The words "pale pilsen" may not be appropriated by SMC for its exclusive use even if they are part of its registered trademark: SAN MIGUEL PALE PILSEN, any more than such descriptive words as "evaporated milk," "tomato ketchup," "cheddar cheese," "corn flakes" and "cooking oil" may be appropriated by any single manufacturer of these food products, for no other reason than that he was the first to use them in his registered trademark. In *Masso Hermanos, S.A. vs. Director of Patents*, 94 Phil. 136, 139 (1953), it was held that a dealer in shoes cannot register "Leather Shoes" as his trademark because that would be merely descriptive and it would be unjust to deprive other dealers in leather shoes of the right to use the same words with reference to their merchandise. No one may appropriate generic or descriptive words. They belong to the public domain (*Ong Ai Gui vs. Director of Patents*, 96 Phil. 673, 676 [1955]):

A word or a combination of words which is merely descriptive of an article of trade, or of its composition, characteristics, or qualities, cannot be appropriated and protected as a trademark to the exclusion of its use by others. . . . inasmuch as all persons have an equal right to produce and vend similar articles, they also have the right to describe them properly and to use any appropriate language or words for that purpose, and *no person can appropriate to himself exclusively any word or expression, properly descriptive of the article, its qualities, ingredients or characteristics*, and thus limit other persons in the use of language appropriate to the description of their manufactures, *the right to the use of such language being common to all*. This rule excluding descriptive terms has also been held to apply to trade-names. As to whether words employed fall within this prohibition, it is

said that the true test is not whether they are exhaustively descriptive of the article designated, but whether in themselves, and as they are commonly used by those who understand their meaning, they are reasonably indicative and descriptive of the thing intended. If they are thus descriptive, and not arbitrary, they cannot be appropriated from general use and become the exclusive property of anyone. (52 Am. Jur. 542-543.)

. . . . Others may use the same or similar descriptive word in connection with their own wares, provided they take proper steps to prevent the public being deceived. (Richmond Remedies Co. vs. Dr. Miles Medical Co., 16 E. [2d] 598.)

. . . . A descriptive word may be admittedly distinctive, especially if the user is the first creator of the article. It will, however, be denied protection, not because it lacks distinctiveness, but rather because others are equally entitled to its use. (2 Callman. Unfair Competition and Trademarks, pp. 869-870.)" (Emphasis supplied.)

The circumstance that the manufacturer of BEER PALE PILSEN, Asia Brewery Incorporated, has printed its name all over the bottle of its beer product: on the label, on the back of the bottle, as well as on the bottle cap, disproves SMC's charge that ABI dishonestly and fraudulently intends to palm off its BEER PALE PILSEN as SMC's product. In view of the visible differences between the two products, the Court believes it is quite unlikely that a customer of average intelligence would mistake a bottle of BEER PALE PILSEN for SAN MIGUEL PALE PILSEN.

The fact that BEER PALE PILSEN like SAN MIGUEL PALE PILSEN is bottled in amber-colored steinie bottles of 320 ml. capacity and is also advertised in print, broadcast, and television media, does not necessarily constitute unfair competition.

Unfair competition is the employment of deception or any other means contrary to good faith by which a person shall pass off the goods manufactured by him or in which he deals, or his business, or services, for those of another who has already established goodwill for his similar goods, business or services, or any acts calculated to produce the same result. (Sec. 29, Republic Act No. 166, as amended.) The law further enumerates the more common ways of committing unfair competition, thus:

Sec. 29. . . .

In particular, and without in any way limiting the scope of unfair competition, the following shall be deemed guilty of unfair competition:

(a) Any person, who in selling his goods shall give them the general appearance of goods of another manufacturer or dealer, either as to the goods themselves or 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, or who otherwise clothes the goods with such appearance as shall deceive the public and defraud 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.

(b) Any person who by any artifice, or device, or who employs any other means calculated to induce the false belief that such person is offering the services of another who has identified such services in the mind of the public; or

(c) Any person who shall make any false statement in the course of trade or who shall commit any other act contrary to good faith of a nature calculated to discredit the goods, business or services of another.

In this case, the question to be determined is whether ABI is using a name or mark for its beer that has previously come to designate SMC's beer, or whether ABI is passing off its BEER PALE PILSEN as SMC's SAN MIGUEL PALE PILSEN.

. . . The universal test question is whether the public is likely to be deceived. Nothing less than conduct tending to pass off one man's goods or business as that of another will constitute unfair competition. Actual or probable deception and confusion on the part of the customers by reason of defendant's practices must always appear. (Shell Co., of the Philippines, Ltd. vs. Insular Petroleum Refining Co. Ltd. et al., 120 Phil. 434, 439.)

The use of ABI of the steinie bottle, similar but not identical to the SAN MIGUEL PALE PILSEN bottle, is not unlawful. As pointed out by ABI's counsel, SMC did not invent but merely borrowed the steinie bottle from abroad and it claims neither patent nor trademark protection for that bottle shape and design. (See *rollo*, page 55.) The Cerveza Especial and the Efes Pale Pilsen use the "steinie" bottle. (See Exhibits 57-D, 57-E.) The trial court found no infringement of SMC's bottle

The court agrees with defendant that there is no infringement of plaintiff's bottle, firstly, because according to plaintiff's witness Deogracias Villadolid, it is a standard type of bottle called steinie, and to witness Jose Antonio Garcia, it is not a San Miguel Corporation design but a design originally developed in the United States by the Glass Container Manufacturer's Institute and therefore lacks exclusivity. Secondly, the shape was never registered as a trademark. Exhibit "C" is not a registration of a beer bottle design required under Rep. Act 165 but the registration of the name and other marks of ownership stamped on containers as required by Rep. Act 623. Thirdly, the neck of defendant's bottle is much larger and has a distinct bulge in its uppermost part. (p. 186, *Rollo*.)

The petitioner's contention that bottle size, shape and color may not be the exclusive property of any one beer manufacturer is well taken. SMC's being the first to use the steinie bottle does not give SMC a vested right to use it to the exclusion of everyone else. Being of functional or common use, and not the exclusive invention of any one, it is available to all who might need to use it within the industry. Nobody can acquire any exclusive right to market articles supplying simple human needs in containers or wrappers of the general form, size and character commonly and immediately used in marketing such articles (Dy Buncio vs. Tan Tiao Bok, 42 Phil. 190, 194-195.)

. . . protection against imitation should be properly confined to nonfunctional features. Even if purely functional elements are slavishly copied, the resemblance will not support an action for unfair competition, and the first user cannot claim secondary meaning protection. Nor can the first user predicate his claim to protection on the argument that his business was established in reliance on any such unpatented nonfunctional feature, even "at large expenditure of money." (Callman Unfair Competition, Trademarks and Monopolies, Sec. 19.33 [4th Ed.].) (Petition for Review, p. 28.)

ABI does not use SMC's steinie bottle. Neither did ABI copy it. ABI makes its own steinie bottle which has a fat bulging neck to differentiate it from SMC's bottle. The amber color is a functional feature of the beer bottle. As pointed out by ABI, all bottled beer produced in the Philippines is contained and sold in amber-colored bottles because amber is the most effective color in preventing transmission of light and provides the maximum protection to beer. As was ruled in *California Crushed Fruit Corporation vs. Taylor B. and Candy Co.*, 38 F2d 885, a merchant

cannot be enjoined from using a type or color of bottle where the same has the useful purpose of protecting the contents from the deleterious effects of light rays. Moreover, no one may have a monopoly of any color. Not only beer, but most medicines, whether in liquid or tablet form, are sold in amber-colored bottles.

That the ABI bottle has a 320 ml. capacity is not due to a desire to imitate SMC's bottle because that bottle capacity is the standard prescribed under Metrication Circular No. 778, dated 4 December 1979, of the Department of Trade, Metric System Board.

With regard to the white label of both beer bottles, ABI explained that it used the color white for its label because white presents the strongest contrast to the amber color of ABI's bottle; it is also the most economical to use on labels, and the easiest to "bake" in the furnace (p. 16, TSN of September 20, 1988). No one can have a monopoly of the color amber for bottles, nor of white for labels, nor of the rectangular shape which is the usual configuration of labels. Needless to say, the shape of the bottle and of the label is unimportant. What is all important is the name of the product written on the label of the bottle for that is how one beer may be distinguished from the others.

In *Dy Buncio v. Tan Tiao Bok*, 42 Phil. 190, 196-197, where two competing tea products were both labeled as Formosan tea, both sold in 5-ounce packages made of ordinary wrapping paper of conventional color, both with labels containing designs drawn in green ink and Chinese characters written in red ink, one label showing a double-decked jar in the center, the other, a flower pot, this court found that the resemblances between the designs were not sufficient to mislead the ordinary intelligent buyer, hence, there was no unfair competition. The Court held:

. . . . In order that there may be deception of the buying public in the sense necessary to constitute unfair competition, it is necessary to suppose a public accustomed to buy, and therefore to some extent familiar with, the goods in question. The test of fraudulent simulation is to be found in the likelihood of the deception of persons in some measure acquainted with an established design and desirous of purchasing the commodity with which that design has been associated. The test is not found in the deception, or possibility of the deception, of the person who knows nothing about the design which has been counterfeited, and who must be indifferent as between that and the other. The simulation, in order to be objectionable, must be such as appears likely to mislead the ordinarily intelligent buyer who has a need to supply and is familiar with the article that he seeks to purchase.

The main thrust of SMC's complaint is not infringement of its trademark, but unfair competition arising from the allegedly "confusing similarity" in the general appearance or trade dress of ABI's BEER PALE PILSEN beside SMC's SAN MIGUEL PALE PILSEN (p. 209, *Rollo*)

SMC claims that the "trade dress" of BEER PALE PILSEN is "confusingly similar" to its SAN MIGUEL PALE PILSEN because both are bottled in 320 ml. steinie type, amber-colored bottles with white rectangular labels.

However, when as in this case, the names of the competing products are clearly different and their respective sources are prominently printed on the label and on other parts of the bottle, mere similarity in the shape and size of the container and label, does not constitute unfair competition. The steinie bottle is a standard bottle for beer and is universally used. SMC did not invent it nor patent it. The fact that SMC's bottle is registered under R.A. No. 623 (as amended by RA 5700, An Act to Regulate the Use of Duly Stamped or Marked Bottles, Boxes, Casks, Kegs, Barrels and Other Similar Containers) simply prohibits manufacturers of other foodstuffs from the unauthorized use of SMC's bottles by refilling these with their products. It was not uncommon then for products such as *patís* (fish sauce) and *toyo* (soy sauce) to be sold in recycled SAN MIGUEL PALE PILSEN bottles. Registration of SMC's beer bottles did not give SMC a patent on the steinie or on bottles of similar size, shape or color.

Most containers are standardized because they are usually made by the same manufacturer. Milk, whether in powdered or liquid form, is sold in uniform tin cans. The same can be said of the standard ketchup or vinegar bottle with its familiar elongated neck. Many other grocery items such as coffee, mayonnaise, pickles and peanut butter are sold in standard glass jars. The manufacturers of these foodstuffs have equal right to use these standards tins, bottles and jars for their products. Only their respective labels distinguish them from each other. Just as no milk producer may sue the others for unfair competition because they sell their milk in the same size and shape of milk can which he uses, neither may SMC claim unfair competition arising from the fact that ABI's BEER PALE PILSEN is sold, like SMC's SAN MIGUEL PALE PILSEN in amber steinie bottles.

The record does not bear out SMC's apprehension that BEER PALE PILSEN is being passed off as SAN MIGUEL PALE PILSEN. This is unlikely to happen for consumers or buyers of beer generally order their beer by brand. As pointed out by ABI's counsel, in supermarkets and *tiendas*, beer is ordered by brand, and the customer surrenders his empty replacement bottles or pays a deposit to guarantee the return of the empties. If his empties are SAN MIGUEL PALE PILSEN, he will get SAN MIGUEL PALE PILSEN as replacement. In sari-sari stores, beer is also ordered from the *tindera* by brand. The same is true in restaurants, pubs and beer gardens — beer is ordered from the waiters by brand. (*Op. cit.* page 50.)

Considering further that SAN MIGUEL PALE PILSEN has virtually monopolized the domestic beer market for the past hundred years, those who have been drinking no other beer but SAN MIGUEL PALE PILSEN these many years certainly know their beer too well to be deceived by a newcomer in the market. If they gravitate to ABI's cheaper beer, it will not be because they are confused or deceived, but because they find the competing product to their taste.

Our decision in this case will not diminish our ruling in "Del Monte Corporation vs. Court of Appeals and Sunshine Sauce Manufacturing Industries," 181 SCRA 410, 419, ³ that:

. . . to determine whether a trademark has been infringed, we must consider the mark as a whole and not as dissected. If the buyer is deceived, it is attributable to the marks as a totality, not usually to any part of it.

That ruling may not apply to *all* kinds of products. The Court itself cautioned that in resolving cases of infringement and unfair competition, the courts should "take into consideration several factors which would affect its conclusion, to wit: the age, training and education of the usual purchaser, the nature and cost of the article, whether the article is bought for immediate consumption and also the conditions under which it is usually purchased" (181 SCRA 410, 418-419).

The Del Monte case involved *catsup*, a common household item which is bought off the store shelves by housewives and house help who, if they are illiterate and cannot identify the product by name or brand, would very likely identify it by mere recollection of its appearance. Since the competitor, Sunshine Sauce Mfg. Industries, not only used recycled Del Monte bottles for its catsup (despite the warning embossed on the bottles: "Del Monte Corporation. Not to be refilled.") but also used labels which were "a colorable imitation" of Del Monte's label, we held that there was infringement of Del Monte's trademark and unfair competition by Sunshine.

Our ruling in Del Monte would not apply to beer which is not usually picked from a store shelf but ordered by brand by the beer drinker himself from the storekeeper or waiter in a pub or restaurant.

Moreover, SMC's brand or trademark: "SAN MIGUEL PALE PILSEN" is not infringed by ABI's mark: "BEER NA BEER" or "BEER PALE PILSEN." ABI makes its own bottle with a bulging neck to differentiate it from SMC's bottle, and prints ABI's name in three (3) places on said bottle

(front, back and bottle cap) to prove that it has no intention to pass off its "BEER" as "SAN MIGUEL."

There is no confusing similarity between the competing beers for the name of one is "SAN MIGUEL" while the competitor is plain "BEER" and the points of dissimilarity between the two outnumber their points of similarity.

Petitioner ABI has neither infringed SMC's trademark nor committed unfair competition with the latter's SAN MIGUEL PALE PILSEN product. While its BEER PALE PILSEN admittedly competes with the latter in the open market, that competition is neither unfair nor fraudulent. Hence, we must deny SMC's prayer to suppress it.

WHEREFORE, finding the petition for review meritorious, the same is hereby granted. The decision and resolution of the Court of Appeals in CA-G.R. CV No. 28104 are hereby set aside and that of the trial court is REINSTATED and AFFIRMED. Costs against the private respondent.

SO ORDERED.

Narvasa, C.J., Bidin, Regalado, Romero, Nocon, Bellosillo and Melo, JJ., concur. Feliciano, J., took no part.

Separate Opinions

CRUZ, J., dissenting:

The present *ponencia* stresses the specific similarities and differences of the two products to support the conclusion that there is no infringement of trademarks or unfair competition. That test was rejected in my own *ponencia* in *Del Monte Corporation vs. Court of Appeals*, 181 SCRA 410, concurred in by Justices Narvasa, Gancayco, Griño-Aquino and Medialdea, where we declared:

While the Court does recognize these distinctions, it does not agree with the conclusion that there was no infringement or unfair competition. It seems to us that the lower courts have been so preoccupied with the details that they have not seen the total picture.

It has been correctly held that side-by-side comparison is not the final test of similarity. Such comparison requires a careful scrutiny to determine in what points the labels of the products differ, as was done by the trial judge. The ordinary buyer does not usually make such scrutiny nor does he usually have the time to do so. The average shopper is usually in a hurry and does not inspect every product on the shelf as if he were browsing in a library. Where the housewife has to return home as soon as possible to her baby or the working woman has to make quick purchases during her off hours, she is apt to be confused by similar labels even if they do have minute differences. The male shopper is worse as he usually does not bother about such distinctions.

The question is not whether the two articles are distinguishable by their labels when set aside by side but whether the general confusion made by the article upon the eye of the casual purchaser who is unsuspecting and off his guard, is such as to likely result in his confounding it with the original. As observed in several cases, the general impression of the ordinary purchaser, buying under the normally prevalent conditions in trade and giving the attention such purchasers usually give in buying that class of goods, is the touchstone.

It has been held that in making purchases, the consumer must depend upon his recollection of the appearance of the product which he intends to purchase. The

buyer having in mind the mark/label of the respondent must rely upon his memory of the petitioner's mark. Unlike the judge who has ample time to minutely examine the labels in question in the comfort of his sala, the ordinary shopper does not enjoy the same opportunity.

A number of courts have held that to determine whether a trademark has been infringed, we must consider the mark as a whole and not as dissected. If the buyer is deceived, it is attributable to the marks as a totality, not usually to any part of it. The court therefore should be guided by its first impression, for a buyer acts quickly and is governed by a casual glance, the value of which may be dissipated as soon as the court assumes to analyze carefully the respective features of the mark.

It has also been held that it is not the function of the court in cases of infringement and unfair competition to educate purchasers but rather to take their carelessness for granted, and to be ever conscious of the fact that marks need not be identical. A confusing similarity will justify the intervention of equity. The judge must also be aware of the fact that usually a defendant in cases of infringement does not normally copy but makes only colorable changes. Well has it been said that the most successful form of copying is to employ enough points of similarity to confuse the public with enough points of difference to confuse the courts.

For the above reasons, and the other arguments stated in Del Monte, I dissent.

Footnotes:

1 Composed of Justice Jose C. Campos, Jr. as chairman, and Justices Ricardo Francisco, fully concurring, Ricardo Pronove, partly concurring, Filemon H. Mendoza and Oscar Herrera, both dissenting. Justice Aldecoa, who had written a separate dissenting opinion, retired before a resolution on the motion for reconsideration was promulgated. He was substituted by Justice Oscar M. Herrera.

2 This portion of Justice Campos' original decision ordering ABI to render an accounting to SMC and pay estimated damages of P5,000,000.00 did not carry enough votes to become a decision as only Justice Ricardo Francisco concurred fully with him. Justice Ricardo Pronove, although concurring partially with Justice Campos' decision, excepted from the portion ordering an accounting and payment of P5 million damages.

3 Cited in Justice R. Francisco's concurring opinion, p. 107, *Rollo*.