

Republic of the Philippines  
SUPREME COURT  
Manila  
FIRST DIVISION

G.R. No. L-78325 January 25, 1990

DEL MONTE CORPORATION and PHILIPPINE PACKING CORPORATION, petitioners,

vs.

COURT OF APPEALS and SUNSHINE SAUCE MANUFACTURING INDUSTRIES, respondents.

*Bito, Misa & Lozada for petitioners.*

*Reynaldo F. Singson for private respondent.*

CRUZ, J.:

The petitioners are questioning the decision of the respondent court upholding the dismissal by the trial court of their complaint against the private respondent for infringement of trademark and unfair competition.

Petitioner Del Monte Corporation is a foreign company organized under the laws of the United States and not engaged in business in the Philippines. Both the Philippines and the United States are signatories to the Convention of Paris of September 27, 1965, which grants to the nationals of the parties rights and advantages which their own nationals enjoy for the repression of acts of infringement and unfair competition.

Petitioner Philippine Packing Corporation (Philpack) is a domestic corporation duly organized under the laws of the Philippines. On April 11, 1969, Del Monte granted Philpack the right to manufacture, distribute and sell in the Philippines various agricultural products, including catsup, under the Del Monte trademark and logo.

On October 27, 1965, Del Monte authorized Philpack to register with the Philippine Patent Office the Del Monte catsup bottle configuration, for which it was granted Certificate of Trademark Registration No. SR-913 by the Philippine Patent Office under the Supplemental Register.<sup>1</sup> On November 20, 1972, Del Monte also obtained two registration certificates for its trademark "DEL MONTE" and its logo.<sup>2</sup>

Respondent Sunshine Sauce Manufacturing Industries was issued a Certificate of Registration by the Bureau of Domestic Trade on April 17, 1980, to engage in the manufacture, packing, distribution and sale of various kinds of sauce, identified by the logo Sunshine Fruit Catsup.<sup>3</sup> This logo was registered in the Supplemental Register on September 20, 1983.<sup>4</sup> The product itself was contained in various kinds of bottles, including the Del Monte bottle, which the private respondent bought from the junk shops for recycling.

Having received reports that the private respondent was using its exclusively designed bottles and a logo confusingly similar to Del Monte's, Philpack warned it to desist from doing so on pain of legal action. Thereafter, claiming that the demand had been ignored, Philpack and Del Monte filed a complaint against the private respondent for infringement of trademark and unfair competition, with a prayer for damages and the issuance of a writ of preliminary injunction.<sup>5</sup>

In its answer, Sunshine alleged that it had long ceased to use the Del Monte bottle and that its logo was substantially different from the Del Monte logo and would not confuse the buying public to the detriment of the petitioners.<sup>6</sup>

After trial, the Regional Trial Court of Makati dismissed the complaint. It held that there were substantial differences between the logos or trademarks of the parties; that the defendant had ceased using the petitioners' bottles; and that in any case the defendant became the owner of the said bottles upon its purchase thereof from the junk yards. Furthermore, the complainants had failed to establish the defendant's malice or bad faith, which was an essential element of infringement of trademark or unfair competition.<sup>7</sup>

This decision was affirmed *in toto* by the respondent court, which is now faulted in this petition for *certiorari* under Rule 45 of the Rules of Court.

Section 22 of R.A. No. 166, otherwise known as the Trademark Law, provides in part as follows:

*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.

Sec. 29 of the same law states as follows:

*Sec. 29. Unfair competition, rights and remedies.* — A person who has identified in the mind of the public the goods he manufactures or deals in, his business or services from those of others, whether or not a mark or tradename is employed, has a property right in the goodwill of the said goods, business or services so identified, which will be protected in the same manner as other property rights. Such a person shall have the remedies provided in section twenty- three, Chapter V hereof.

Any person who shall employ deception or any other means contrary to good faith by which he shall pass off the goods manufactured by him or in which he deals, or his business, or services for those of the one having established such goodwill, or who shall commit any acts calculated to produce said result, shall be guilty of unfair competition, and shall be subject to an action therefor.

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 likely 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.

To arrive at a proper resolution of this case, it is important to bear in mind the following distinctions between infringement of trademark and unfair competition.

(1) Infringement of trademark is the unauthorized use of a trademark, whereas unfair competition is the passing off of one's goods as those of another.

(2) In infringement of trademark fraudulent intent is unnecessary whereas in unfair competition fraudulent intent is essential.

(3) In infringement of trademark the prior registration of the trademark is a prerequisite to the action, whereas in unfair competition registration is not necessary.<sup>8</sup>

In the challenged decision, the respondent court cited the following test laid down by this Court in a number of cases:

In determining whether two trademarks are confusingly similar, the two marks in their entirety as they appear in the respective labels must be considered in relation to the goods to which they are attached; the discerning eye of the observer must focus not only on the predominant words but also on the other features appearing on both labels.<sup>9</sup>

and applying the same, held that there was no colorable imitation of the petitioners' trademark and logo by the private respondent. The respondent court agreed with the findings of the trial court that:

In order to resolve the said issue, the Court now attempts to make a comparison of the two products, to wit:

1. As to the shape of label or make:

Del Monte: Semi-rectangular with a crown or tomato shape design on top of the rectangle.

Sunshine: Regular rectangle.

2. As to brand printed on label:

Del Monte: Tomato catsup mark.

Sunshine: Fruit catsup.

3. As to the words or lettering on label or mark:

Del Monte: Clearly indicated words packed by Sysu International, Inc., Q.C., Philippines.

Sunshine: Sunshine fruit catsup is clearly indicated "made in the Philippines by Sunshine Sauce Manufacturing Industries" No. 1 Del Monte Avenue, Malabon, Metro Manila.

4. As to color of logo:

Del Monte: Combination of yellow and dark red, with words "Del Monte Quality" in white.

Sunshine: White, light green and light red, with words "Sunshine Brand" in yellow.

5. As to shape of logo:

Del Monte: In the shape of a tomato.

Sunshine: Entirely different in shape.

6. As to label below the cap:

Del Monte: Seal covering the cap down to the neck of the bottle, with picture of tomatoes with words "made from real tomatoes."

Sunshine: There is a label below the cap which says "Sunshine Brand."

7. As to the color of the products:

Del Monte: Darker red.

Sunshine: Lighter than Del Monte.

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 pre-occupied 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.<sup>10</sup> 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 label when set side 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.<sup>11</sup> 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.<sup>12</sup>

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.<sup>13</sup> The buyer having in mind the mark/label of the respondent must rely upon his memory of the petitioner's mark.<sup>14</sup> 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.<sup>15</sup> The court therefore should be guided by its first impression,<sup>16</sup> 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.<sup>17</sup>

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.<sup>18</sup> 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.<sup>19</sup> 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.<sup>20</sup>

We also note that the respondent court failed to take into consideration several factors which should have affected its conclusion, to wit: 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.<sup>21</sup> Among these, what essentially determines the attitude of the purchaser, specifically his inclination to be cautious, is the cost of the goods. To be sure, a person who buys a box of candies will not exercise as much care as one who buys an expensive watch. As a general rule, an ordinary buyer does not exercise as much prudence in buying an article for which he pays a few centavos as he does in purchasing a more valuable thing.<sup>22</sup> Expensive and valuable items are normally bought only after deliberate, comparative and analytical investigation. But mass products, low priced articles in wide use, and matters of everyday purchase requiring frequent replacement are bought by the casual consumer without great care.<sup>23</sup> In this latter category is catsup.

At that, even if the labels were analyzed together it is not difficult to see that the Sunshine label is a colorable imitation of the Del Monte trademark. The predominant colors used in the Del Monte label are green and red-orange, the same with Sunshine. The word "catsup" in both bottles is printed in white and the style of the print/letter is the same. Although the logo of Sunshine is not a tomato, the figure nevertheless approximates that of a tomato.

As previously stated, the person who infringes a trade mark does not normally copy out but only makes colorable changes, employing enough points of similarity to confuse the public with enough points of differences to confuse the courts. What is undeniable is the fact that when a manufacturer prepares to package his product, he has before him a boundless choice of words, phrases, colors and symbols sufficient to distinguish his product from the others. When as in this case, Sunshine chose, without a reasonable explanation, to use the same colors and letters as those used by Del Monte though the field of its selection was so broad, the inevitable conclusion is that it was done deliberately to deceive.<sup>24</sup>

It has been aptly observed that the ultimate ratio in cases of grave doubt is the rule that as between a newcomer who by the confusion has nothing to lose and everything to gain and one who by honest dealing has already achieved favor with the public, any doubt should be resolved against the newcomer inasmuch as the field from which he can select a desirable trademark to indicate the origin of his product is obviously a large one.<sup>25</sup>

Coming now to the second issue, we find that the private respondent is not guilty of infringement for having used the Del Monte bottle. The reason is that the configuration of the said bottle was merely registered in the Supplemental Register. In the case of *Lorenzana v. Macagba*,<sup>26</sup> we declared that:

(1) Registration in the Principal Register gives rise to a presumption of the validity of the registration, the registrant's ownership of the mark and his right to the exclusive use thereof. There is no such presumption in the registration in the Supplemental Register.

(2) Registration in the Principal Register is limited to the actual owner of the trademark and proceedings therein on the issue of ownership which may be contested through opposition or interference proceedings or, after registration, in a petition for cancellation.

Registration in the Principal Register is constructive notice of the registrant's claim of ownership, while registration in the Supplemental Register is merely proof of actual use of the trademark and notice that the registrant has used or appropriated it. It is not subject to opposition although it may be cancelled after the issuance. Corollarily, registration in the Principal Register is a basis for an action for infringement while registration in the Supplemental Register is not.

(3) In applications for registration in the Principal Register, publication of the application is necessary. This is not so in applications for registrations in the Supplemental Register.

It can be inferred from the foregoing that although Del Monte has actual use of the bottle's configuration, the petitioners cannot claim exclusive use thereof because it has not been registered in the Principal Register. However, we find that Sunshine, despite the many choices available to it and notwithstanding that the caution "Del Monte Corporation, Not to be Refilled" was embossed on the bottle, still opted to use the petitioners' bottle to market a product which Philpack also produces. This clearly shows the private respondent's bad faith and its intention to capitalize on the latter's reputation and goodwill and pass off its own product as that of Del Monte.

The Court observes that the reasons given by the respondent court in resolving the case in favor of Sunshine are untenable. First, it declared that the registration of the Sunshine label belied the company's malicious intent to imitate petitioner's product. Second, it held that the Sunshine label was not improper because the Bureau of Patent presumably considered other trademarks before approving it. Third, it cited the case of *Shell Co. v. Insular Petroleum*,<sup>27</sup> where this Court declared that selling oil in containers of another with markings erased, without intent to deceive, was not unfair competition.

Regarding the fact of registration, it is to be noted that the Sunshine label was registered not in the Principal Register but only in the Supplemental Register where the presumption of the validity of the trademark, the registrant's ownership of the mark and his right to its exclusive use are all absent.

Anent the assumption that the Bureau of Patent had considered other existing patents, it is reiterated that since registration was only in the Supplemental Register, this did not vest the registrant with the exclusive right to use the label nor did it give rise to the presumption of the validity of the registration.

On the argument that no unfair competition was committed, the Shell Case is not on all fours with the case at bar because:

(1) In Shell, the absence of intent to deceive was supported by the fact that the respondent therein, before marketing its product, totally obliterated and erased

the brands/mark of the different companies stenciled on the containers thereof, except for a single isolated transaction. The respondent in the present case made no similar effort.

(2) In Shell, what was involved was a single isolated transaction. Of the many drums used, there was only one container where the Shell label was not erased, while in the case at hand, the respondent admitted that it made use of several Del Monte bottles and without obliterating the embossed warning.

(3) In Shell, the product of respondent was sold to dealers, not to ultimate consumers. As a general rule, dealers are well acquainted with the manufacturer from whom they make their purchases and since they are more experienced, they cannot be so easily deceived like the inexperienced public. There may well be similarities and imitations which deceive all, but generally the interests of the dealers are not regarded with the same solicitude as are the interests of the ordinary consumer. For it is the form in which the wares come to the final buyer that is of significance.<sup>28</sup>

As Sunshine's label is an infringement of the Del Monte's trademark, law and equity call for the cancellation of the private respondent's registration and withdrawal of all its products bearing the questioned label from the market. With regard to the use of Del Monte's bottle, the same constitutes unfair competition; hence, the respondent should be permanently enjoined from the use of such bottles.

The court must rule, however, that the damage prayed for cannot be granted because the petitioner has not presented evidence to prove the amount thereof. Section 23 of R.A. No. 166 provides:

*Sec. 23. Actions and damages and injunction for infringement.* — Any person entitled to the exclusive use of a registered mark or trade name may recover damages in a civil action from any person who infringes his rights, and the measure of the damages suffered shall be either the reasonable profit which the complaining party would have made, had the defendant not infringed his said rights or the profit which the defendant actually made out of the infringement, or in the event such measure of damages cannot be readily ascertained with reasonable certainty the court may award as damages reasonable percentage based upon the amount of gross sales of the defendant or the value of the services in connection with which the mark or trade name was used in the infringement of the rights of the complaining party. In cases where actual intent to mislead the public or to defraud the complaining party shall be shown, in the discretion of the court, the damages may be doubled.

The complaining party, upon proper showing may also be granted injunction.

Fortunately for the petitioners, they may still find some small comfort in Art. 2222 of the Civil Code, which provides:

Art. 2222. The court may award nominal damages in every obligation arising from any source enumerated in Art. 1157, or in every case where any property right has been invaded.

Accordingly, the Court can only award to the petitioners, as it hereby does award, nominal damages in the amount of P1,000.00.

WHEREFORE, the petition is GRANTED. The decision of the Court of Appeals dated December 24, 1986 and the Resolution dated April 27, 1987, are REVERSED and SET ASIDE and a new judgment is hereby rendered:

(1) Canceling the private respondent's Certificate of Register No. SR-6310 and permanently enjoining the private respondent from using a label similar to that of the petitioners.

(2) Prohibiting the private respondent from using the empty bottles of the petitioners as containers for its own products.

(3) Ordering the private respondent to pay the petitioners nominal damages in the amount of P1,000.00, and the costs of the suit.

SO ORDERED.

*Narvasa Gancayco, Griño-Aquino and Medialdea, JJ., concur.*

Footnotes:

1 Original Records, pp. 29-30.

2 *Ibid.*, Annex 2 pp. 8-9; Annex 3, pp. 16-17.

3 *Id.*, Annex A. p. 41.

4 *Id.*, Annex B, pp. 42-43.

5 *Id.*, pp. 1-6.

6 *Id.*, pp. 38-40.

7 *Id.*, pp. 166-168. Decision penned by Judge Roque A. Tamayo, affirmed in the Court of Appeals by Coquia, J., *ponente*, with Luciano and Cui, JJ., concurring.

8 Jose C. Vitug, *Pandect of Commercial Law & Jurisprudence*, 1st ed., p. 291 citing *Compania General de Tabacos v. de Aljambra Cigar and Cigarette Manufacturing Co.*, 33 Phil 485; *Ogura v. Chua*, 59 Phil. 471; *Parke Davies & Co. v. Kiu Foo & Co.*, 60 Phil. 928.

9 *Mead Johnson Co. v. N.V.J. Von Dorp. Ltd.*, 7 SCRA 768; *Bristol Myers Co. v. Director of Patents*, 17 SCRA 128.

10 *Stuart v. F.G. Stewart Co.*, 91 F 243.

11 *Notaseme Hosiery v. Strauss* 201 F 99.

12 *McLean v. Fleming* 96 US 245; *Fischer v. Blank*, 138 N.Y. 244; *Tillman Bendel v. California Packing Corporation*, 63 F 2d 498.

13 *Martini & Rossi v. Consumer's People's Products*, 57 F 2d 599.

14 *Stuart v. F. G. Stewart Co.*, 91 F 243.

15 *Helmet Co. v. Wm Wrigley Jr. Co.*, 245 F 842; *Pennzoil Co. v. Pennsylvania Petroleum Co.*, 159 M.D. 187,

16 *William Waltke & Co. v. Geo H. Schafer*, 49 App. D.C. 294; *Ward Baking Co. v. Potter Wrintington*, 298 F 398.

17 *Vortex Mfg. Co. v. Ply-Rite Contracting Co.*, 33 F 2d 302.

18 *Hilton v. Hilton*, 90 N.J. Eq 564.

19 *Bickmore Gall Cure Co. v. Karns*, 134 F 833-1 J.C. *Penny Co. v. H.D. Lee Merchatile Co.*, 120 F 2d 949.

20 *Baker and Master Printers Union of New Jersey*, 34 F. Supp. 808.

21 11 H.D. Nims, *The Law of Unfair Competition and Trademark*, 1947, p. 1027.

22 *Ibid.*, p. 1030.

23 11 Rudolf Callman, *The Law of Unfair Competition and Trademark*, 1945, pp. 1137, 1136.

24 *Ibid.*, Vol. 111, 2nd ed. pp. 1527-1528 cited in *Converse Rubber Corporation v. Universal Rubber Product Inc.*, 147 SCRA 155.

25 *William Waltke & Co. v. Geo H. Schafer & Co.*, 49 App. D.C. 294; *Standard Oil v. Michie* 34 F 2d 802.

26 154 SCRA 723.

27 11 SCRA 436.

26 *Supra.*, p. 1141.