

MCDONALD'S CORPORATION
Opposer,

IPC 14-2006-00118

-versus -

Opposition to:
TM Application No. 4-2004-010601
(Filing Date: 09 November 2007)

MARY ANN QUIOC AND
CLAUDIO TAYAG,
Respondent-Applicant.

TM: "MAC BEST QUALITY LOG"

x-----x

Decision No. 07-100

DECISION

This pertains to an Opposition case filed on 02 September 2007 by herein Opposer, MCDONALD'S CORPORATION, a corporation organized and existing under the laws of Delaware, U.S.A., with office address at One McDonald's Plaza, Oak Brook, Illinois, U.S.A., against the application for registration of the trademark "MAC BEST QUALITY LOGO" bearing Application Serial No. 4-2004-01061 filed on 09 November 2004 for goods falling under Class 30 of the Nice Classification of Goods, for bottle sauce (talangka), by Mary Ann Quioc and Claudio Tayag, Respondents-Applicants, with address on record at Paul corner Francis Sts., Villa Gloria Subd., Angeles City.

The subject trademark application was published for opposition in the Intellectual Property Office Official Gazette, which was officially released for circulation on 13 October 2006.

The grounds and relevant facts of the instant Opposition are culled from the records, as follows:

1. The Opposer is the owner and proprietor of the "Mc" trademark and other trademarks using "MC" as a prefix. Attached as Exhibit "A" of the Opposition is the "MC Prefix Worldwide" report which details some of Opposer's existing trademark registrations in the United States of America and other parts of the world using the "Mc" trademark as a prefix.
2. In the Philippines, the Opposer is the owner and proprietor of the mark "Mc" for Class 29 goods (meat, fish, poultry and game; meat extracts; preserved, dried and cooked fruits and vegetables; jellies, jams; eggs, milk and milk products; edible oils and fats; salad dressings; preserve) under Registration No. 051789 issued on December 12, 2002, a copy of which is attached as Exhibit "B" of the Opposition.
3. The Opposer is also the owner and proprietor of several marks wherein the "Mc" prefix mark. Copies of the certificates of registration of marks with "Mc" prefix attached as Exhibits "C" to "X" of the Opposition.
4. The Affidavit of Ms. Sheila Lehr, Managing Counsel of the Opposer, attest to the truth of the foregoing allegations, specifically the Opposer's ownership of the above-mentioned trademarks as well as the worldwide use by the Opposer of the "MC" prefix, is attached to the Opposition as exhibit "Y".
5. The Opposer is also the owner and proprietor in the United States of America as well of America as well as in other countries around the world of various McDonald's marks with claims to the colors red and yellow as shown in Annexes "Y-1" to "Y-47".
6. In the Philippines, the use of the colors yellow and red is prevalent in the packaging of the various menu items and the signage of the many Mc Donald's fast food

restaurants, such as the French Fry Container (A 3-Dimensional Trademark French Fry Container, with the MC DONALD'S Logo and Color, and the inside surface of which has gold stripes), registered with the Intellectual Property Office of the Philippines, shown in its Annexes "Y-39". Moreover, the same description of the McDonald's mark/logo is found in some of the packaging used by McDonald's in the Philippines in its cold and hot cups, Big Mac clam shell, etc.

7. The Affidavit of Mr. Sammy Chu, Director of Supply Chain Management of Golden Arches Development Corporation (GADC) which is the exclusive Philippine franchise of McDonald's Corporation, U.S.A., attest the truth of the various packaging used in the menu items of McDonald's in the Philippines is attached as Exhibit "Z" of the Opposition. Samples of the various packaging of McDonald's in the Philippines are annexed to the Affidavit, are marked as "Z-1" to "Z-7".

8. The Affidavit of Mr. Valentino Enriquez, Senior Manager-Real Estate Division of GADC, attests to the truth of the allegations that the colors yellow and red are used in the signage of the many McDonald's fast food restaurants throughout the Philippines and attached as Exhibit "AA" of the Opposition. Pictures of the various Mc Donald's fast food restaurant are annexed to the Affidavit, and marked as "AA- 1" to "AA-10".

9. Having established the widespread use of the "Mc" mark as well as the other marks which is use the "Mc" prefix all throughout the world for various classes of goods and services, and the use of the colors yellow and red in many of the Opposer's marks, it can be concluded that these have established and obtained goodwill and general international consumer recognition as belonging to the Opposer.

10. An analysis of the mark "MAC BEST QUALITY LOGO" will show that it is composed of the words "MAC" and "BEST". While "MAC" is spelled differently from the Opposer's "Mc" prefix due to the inclusion of the inclusion of the letter "a", the words are indisputably pronounced in the same way. Thus, Respondent-Applicants, intend to identify its product by using the mark "MAC BEST".

11. The mark published in the IPO Gazette features Respondent-Applicant's words "Mac Best" in yellow with a black shadow and the color red used for the background. The colors yellow and red has long been established part and of the Mc Donald's trademark as it is used not only in the packaging of its products but also in the McDonald's fast food restaurants in the Philippines and the thousands of McDonald's restaurant found all over all the world.

12. Respondents-Applicant's use of the "Mac" and the use of the colors yellow and red cannot be registered as it contravenes Sections 123.1 (f) of the Intellectual Property Code (Republic Act No. 8293).

13. It is the intention of the above-cited Section 123.1 of Republic Act 8293 to protect a trademark owner and the public against the use of marks, which can create confusion with respect to business, source and origin, as stated by the Honorable Supreme Court in the case of Sta. Ana vs. Maliwat (24 SCRA 1018), "x x x not limited to guarding his goods or business from actual market competition with identical or similar products of the parties, but extends to all cases in which the use by a junior appropriator of a trademark or which the use by a junior appropriator of a trademark or trade name id likely to lead a confusion of a source, as where prospective purchasers would be misled into thinking that the complaining party extend into the field or is in any way connected with the activities of the infringer; or when it forestalls the normal potential expansion of his business."

14. The rationale behind the protection afforded by Sections 123.1 (f), supra, was further explained by the Supreme Court in the case of Converse Rubber Corp. vs.

Universal Rubber Products, Inc. (GR No. L-27906, 08 January 1987), stating, “x x x Even assuming, arguendo, that the trade sought to be registered by respondent is distinctively dissimilar from those of the petitioner, the likelihood of confusion would still subsist, not on the purchaser’s perception of the goods but on the origins thereof. By appropriating the word “CONVERSE” respondent’s products are likely to be mistaken as having been produced by the petitioner. The risk of damage is not limited to a possible confusion of goods but also includes confusion of reputation if the public reasonably assume that the goods of the parties originated from the same source.”

15. Similarly, the Opposer will be damaged by Respondent-Applicant’s use of the “MAC BEST QUALITY LOGO” trademark since the use thereof will likely cause confusion or mistake belief by the public with the mark “Mac Best” in the colors yellow and red as originating from the Opposer. Such confusion that will be sought about by the use of the mark “MAC BEST QUALITY LOGO” will also cause damage to the reputation and goodwill that the Opposer has established with the public over the years.

16. That the subject mark is being registered for Class 30 goods and not for Opposer’s Class 29 goods is of no comment. The protection afforded by Section 123.1 (f) extends to registration for goods which are not similar to the goods of the established and internationally known mark.

17. In truth, the fact that Respondents-Applicants intends to use the “MAC BEST QUALITY LOGO” mark for a different class of goods, specifically, bottled sauce (talangka), only serves to highlight Opposer’s argument that the Respondents-Applicants deliberately sought to employ the same method being used by the Opposer to identify its goods and Services. Experience has demonstrated that when a well-known trademark is adopted by another for a totally different class of goods, it is done to the benefit of the reputation and advertisements of the originator of said mark, to convey to the public a false impression of some supposed connection between the manufacturer of the article being tendered to the public under the same or similar mark.” (Ruben Agpalo, The Law of Trademark Infringement and Unfair Competition, 2000 First Edition, page 62)

18. Clearly, Respondent-Applicants’ use “Mac” together with the colors yellow and red was meant to take advantage of the goodwill established by the Opposer with the public. This bolstered by the fact that there can be no rational explanation for the use of “Mac” by Respondents-Applicants other than to copy the distinctive method by which Opposer identifies its goods and services apart from other goods and services, as aptly stated by the Supreme Court in the case of American Wire and Cable Co. vs. Director of Patents (31 SCRA 544).

19. Finally, the denial of the registration of “MAC BEST QUALITY LOGO” mark is justified under Section 138 of Republic Act 8293 under the “expansion of business” rule. This provision affords protection to the registered owner of a mark from the use by another of a similar mark on the goods or services related to those specified in the certificate of registration. Considering that Class 30 are closely related to those classified under Class 29, the class of goods for which the “MAC BEST QUALITY LOGO” mark is sought to be registered is clearly within the zone of potential or natural and logical operation of the Opposer. As such, the Opposer is clearly entitled to the protection afforded by Section 138 of Republic Act 8293.

A Notice to Answer dated 14 February 2007 was issued by this Bureau requiring Respondents-Applicant, to file Answer to the Verified Notice of Opposition within thirty (30) days from the receipt thereof. Respondent-Applicant, on the other hand, failed to file its Answer despite receipt of the Notice. Consequently, this Bureau received an Omnibus Motion on 21 May 2007 by the Opposer. Thus, in Bureau’s Order No. 2007-1020, dated 06 June 2007, the Omnibus Motion was granted after due consideration of the applicable laws and jurisprudence, hereby resolves to wit: Respondent-Applicant’s Answer which was entitled Reply to; Verified

Notice of Opposition was filed out of time; and Respondents-Applicant's unverified Answer is deemed not to filed. Hence, this case is submitted for decision on the basis of the Opposition, affidavits of witnesses and other documentary evidence.

The following pieces of marked documentary evidence of the Opposer are admitted, to wit:

Exhibit	Description
"A"	"Mc" Prefix Worldwide Report
"B"	Philippine Certificate of Registration No. 51789 for "Mc" under Class 29
"C" to "X"	Philippine Certificates of Registration using "Mc" as prefix
"Y"	Affidavit of Sheila Lehr, Managing Counsel of Opposer
"Y-1" to "Z-7"	Sample of various packaging of McDonald's in Philippines
"AA"	Affidavit of Valentino Enriquez, Senior Manager, Estate Division of GADC
"AA-1" to "AA-10"	Pictures of Various McDonald's fast food restaurants

The issue –

WHETHER OR NOT RESPONDENTS-APPLICANT'S MARK "MAC BEST QUALITY LOGO" IS CONFUSINGLY SIMILAR TO OPPOSER'S REGISTERED TRADEMARK "MC" AS PREFIX.

This Bureau answers in the affirmative.

The subject trademark application of this instant Opposition was filed on 09 November 2004 or during the effectivity of Republic Act (R.A.) No. 8293 otherwise known as the Intellectual Property Code of the Philippines. Thus, the applicable provision of law in resolving the issue involved is Sec. 123.1 (d) of R.A. 8293, which provides the criteria for the registration of a trademark, to wit:

"Sec. 123. Registrability. – 123.1 A mark cannot be registered
If it:

xxx

(d) Is identical with a registered mark belonging to a different proprietor or a mark with an earlier filing or property date, in respect of:

- (i) The same goods or services, or
- (ii) Closely related goods or services, or
- (iii) If it nearly resembles such a mark as to be likely to deceive or cause confusion;
(Emphasis Ours.)

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In a contest involving registration of trademark, the determinative factor is not whether the challenged mark would actually cause confusion or deception of the purchasers but whether the use of the mark would likely cause confusion or mistake on the part of the buying public.

It does not require that the competing trademarks must be so identical as to produce actual error or mistake. It is rather sufficient that the similarity between the two trademarks is such that there is a possibility or likelihood of the older brand mistaking the newer brand for it.

The existence of conclusion of trademark or the possibility of deception to the public hinges on “colorable imitation”, which has been defined as “such similarity in form, content, words, sound, meaning, special arrangement or general appearance of the trademark or trade name in their overall presentation or in their substantive and distinctive parts as would likely to mislead or confuse persons in the ordinary course of purchasing the genuine article.” (Emerald Garment Mfg. Corp. vs. Court of Appeals, 251 SCRA 600)

In resolving the issue of confusing similarity, the law and jurisprudence has developed two kinds of tests – the Dormancy Test as applied in a litany of Supreme Court decisions including Asia Brewery, Inc. vs. Court of Appeals, Director of Patents, 100 Phil. 214; American Wire & Cable Co. vs. Standard Brands, Inc., 65 SCRA 575; Converse Rubber Corp. vs. Universal Rubber Products, Inc. 147 SCRA 154; and the Holistic Test developed in Del Monte Corporation vs. Court of Appeals, 181 SCRA 410; Mead Johnson & Co. vs. N.V.J. Van Dorp, Ltd., 7 SCRA 771; Fruit of the Loom, Inc. vs. Court of Appeals, 133 SCRA 405

As its title implies, the Test of Dormancy focuses on the similarity of the prevalent features, or the main, essential and dominant features of the competing trademarks which might cause confusion or deception.

On the other side of the spectrum, the Holistic Test, in the case of Mighty Corporation vs. E & J Gallo Winery, 434 SCRA 473, held that, “the discerning eye of the observer must focus not only on the predominant words but also on the other features appearing in both labels in order that he may draw his conclusion whether one is confusingly similar to the other.

The Honorable Supreme Court has consistently relied on the Dormancy Test in determining questions of infringement of trademark, as enunciated in the land mark case of McDonald's Corporation vs. LC Big Mak, 437 SCRA 10, to wit:

“This Court, however, has relied on the dominancy test rather than the holistic test. The dominancy test considers the dominant features in the competing marks in determining whether they are confusingly similar. Under the dominancy test, courts give greater weight to the similarity of the appearance of the product arising from the adoption of the dominant features of the registered mark, disregarding minor differences. Courts will consider more the aural and visual impressions created by the marks in the public mind, giving little weight to factors like prices, quality, sales outlets and market segments.”

As to what constitutes a dominant feature of a label, no set of rules can be deduced. Usually, these are signs, color, design, peculiar shape or name, or some special, easily remembered earmarks of the brand that easily attracts and catches the eye of the ordinary consumer.

Relying on the foregoing, this Office finds Opposer's Philippine registered mark “Mc” which is used as prefix in its so many goods (evidenced by Exhibits “A”, “B”, “C” to “X”) as the document feature in the contending marks. The only difference of the said “Mc” mark to Respondent-Applicant's “Mac”, (disclaiming the composite words “BEST QUALITY”) is the additional middle letter “a” in the latter mark, which creates no difference since the contending marks when pronounced, sounds almost alike. Under the “idem sonans” rule as held in the case

of Sapolin Co. vs. Balmaceda, 67 Phil. 795, confusion is likely to arise between words which when pronounced sounds like.

Moreover, the contending marks are coined words. There is no vast distinction between the contending marks "Mc" and "Mac". Undeniably, what attracts and catches the eye of the ordinary purchaser is the mark "Mc" of Mc Donald's fast food restaurant which is a famous mark to consumers of all ages, from the toddlers to the oldest, as shown by Opposer's various samples of product packages in the Philippines (Annex "Z-1" to "Z-7").

With respect to goods covered by the competing trademarks, while they are not identical, they appear as related goods. "Goods are related when they belong to the same class or have the same class descriptive properties; when they possess the same physical attributes or essential characters with reference to their form, composition, texture or quality. They may also be related because they serve the same purpose or sold in grocery store. Thus biscuits were held related to milk because they are both food products." (American Foundries vs. Robertson, 269 USPO 372, 381)

Opposer's goods fall under Class 29, namely meat, fish, poultry and game; meat extracts; preserved, dried and cooked fruits and vegetables; jellies, jams; egg; milk and other dairy products; edible oils and fats; preserves, pickles. Respondents-Applicant's goods fall under Class 30, namely sauces. Both products are food or edibles, sometimes taken with main meals and snacks. Practically, they serve the same purpose. Although Opposer's products are exclusively sold in McDonald's restaurants, there is also likely to rise confusion as to their source or origin. This second type of confusion exists when, "in view of the similarity or identicalness of the marks involved, one party's product or service, though different from that of another or on which the latter does not use his mark, is such as might reasonably be assumed to originate from the latter and as to likely deceive the public into the belief that there is some business association between the parties which, in fact is absent." (Sterling Products International, Inc. vs. Farbenfabriken Bayer Aktiengesellschaft, 27 SCRA 1214)

In furtherance, the Supreme Court in the case of Bristol Myer Co vs. Director of Patents (17 SCRA 131) has this to say, "in determining whether two trademarks are confusingly similar, test is not simply to take their words and compare the spelling and pronounce of said words. Rather, it is to consider the two marks in their entirety, as they appear in the respective labels, in relation to the goods to which they are attached."

In the instant case, Opposer's sample of its products packaging bearing the "Mc" mark (Annexes "Z-1" to "Z-7") predominantly shows the colors red, yellow and white. These colors are likewise predominant in the subject mark "MAC BEST QUALITY LOGO". Such that, the discerning eyes of the public consumers are likely drawn in these features, confusing one from the other.

Finally, in connection with the use of a confusingly similar mark, both foreign authority and our most Honorable Supreme Court in several occasions ruled, thus:

"Those who desire to distinguish their goods from the goods of another have a broad field from which to select a trademark for their wares and there is no such poverty in the English language or paucity of signs, symbols, numerals etc., as to justify one who really wishes to distinguish his products from those of all others entering the twilight zone of a field already appropriated by another." (WECO PRODUCTS CO, VS MILTON RAY CO., 143 F. 2d 985, 32 C.C.P.A.Patents 1214.)

"Why, of the million of terms and combinations of letters and designs available, the appellee had to choose those closely similar to another's trademark if there was no intent to take advantage of the goodwill generated by the other mark." (AMERICAN WIRE & CABLE CO. VS DIRECTOR OF PATENTS, 31 SCRA 544)

Ergo, the trademark applied fro the Respondent-Applicant is confusingly similar with the Opposer's registered mark and displays similarity in appearance over related goods. The choice and adoption Respondents-Applicant's subject mark has no reasonable explanation, hence, confusing similarity among the buying public can necessarily be expected.

WHEREFORE, the Notice of Opposition is hereby SUSTAINED. Consequently, application bearing Serial No. 4-2004-010601 filed by Respondents-Applicants Mary Ann Quioc and Claudio Tayag on 09 February 2007 for the registration of the mark "MAC BEST QUALITY LOGO" used for bottled sauces under Class 30 of the Nice Classification of Goods is, as it is, hereby REJECTED.

Let the file wrapper of the trademark "MAC BEST QUALITY LOGO", subject matter of this case together with this Decision be forwarded to the Bureau of Trademarks (BOT) for appropriate action.

SO ORDERED.

Makati City, 20 July 2007

ESTRELLITA BELTRAN-ABELARDO
Director, Bureau of Legal Affairs
Intellectual Property Office