

SOCIETE DES PODUITS NESTLE S.A,
Opposer,
- versus -

IPC 14-2005-00105

Opposition to:
TM Application No. 4-2002-02534
(Filing Date: March 25, 2002)

GCIH TRADEMARKS LIMITED,
Respondent-Applicant

TM: "MAXCRUNCH"

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Decision No. 06-105

DECISION

Before us is a Verified Notice of Opposition filed on October 18, 2005 against the application for registration of the mark "MAXCRUNCH" used for "Chocolate, chocolate confectionary, chocolate products, cocoa, cocoa products, biscuits, cookies, candy sweets, chocolate beverages, cocoa beverages, cereal foods, flour and preparations made from cereals bread, pastry and confectionary" under Class 30 of the international classification of goods, bearing Application Serial No. 4-2002-002534 which was published in the Intellectual Property Office Electronic Gazette on June 22, 2005.

Opposer, SOCIETES DES PRODUITS NESTLE S.A., is a corporation organized and existing under the laws of Switzerland, with business address at Vevey, Switzerland. Respondent-Applicant, on the other hand, is GCIH TRADEMARKS LIMITED, is a corporation organized and existing under the laws of Hong Kong with address at 17th Floor, One Hysan Avenue, Causeway Bay, Hong Kong.

The grounds for Opposition to the registration of the mark are as follows:

"1. Opposer is the first to adopt, use and register worldwide including the Philippines, the "CRUNCH" and "NESTLE CRUNCH" trademarks (hereinafter referred to as "CRUNCH" trademarks) for among others, chocolate, cocoa and preparations having a base of cocoa, chocolate products, confectionary, bakery products, pastry biscuits, cakes, cookies, wafers, ice cream, cereals and cereal preparations falling under International Class 30 and therefore, enjoys under Section 147 of Republic Act (R.A.) No. 8293 the right to exclude others from registering or using identical or confusingly similar marks such as Respondent-Applicant's Trademark "MAXCRUNCH" for goods falling under international class 30.

"2. There is a likelihood of confusion between Opposer's "CRUNCH" trademarks and Respondent-Applicant's trademark "MAXCRUNCH" because Respondent-Applicant's trademark "MAXCRUNCH" so resembles Opposer's "CRUNCH" trademarks in terms of sound, sight and meaning as to be likely, when applied to or used in connection with the goods of Respondent-Applicant, cause confusion, mistake and deception on the part of the purchasing public as being a trademark owned by Opposer, hence, the Respondent-Applicant's "MAXCRUNCH" trademark cannot be registered in the Philippines pursuant to the express provision of Section 147.2 of R.A. No. 8293. No doubt, the use of Respondent-Applicant's "MAXCRUNCH" trademark for its product will indicate a connection between its products and those of Opposers.

"3. The Opposer's "CRUNCH" trademarks for the goods falling under international Class 30 are well-known internationally and in the Philippines, taking into account the knowledge of the relevant sector of the public, rather than the public at large, as being a trademark owned by the Opposer. The notoriety of the "CRUNCH" has been recognized by the Court in France and Spain.

"4. Respondent-Applicant, in adopting "MAXCRUNCH" for its goods, is likely to cause confusion, or to cause mistake, or to deceive as to affiliation, connection, or association with the Opposer, or as to origin, sponsorship, or approval of its goods and services by the

Opposer, for which it is liable for false designation of origin, false description or representation under Section 169 of R.A. No. 8293.

“5. Respondent-Applicant’s appropriation and use of the trademark “MAXCRUNCH” infringes upon the Opposer’s exclusive right to use as registered owner of its “CRUNCH” trademarks, which is protected under R.A. No. 8293 particularly Section 147 thereof.

The Opposer relied on the following facts to support its contentions on this Opposition:

“1. Opposer is the owner of the “CRUNCH” trademarks.

Opposer is the owner of the “CRUNCH” trademarks and has adopted and used the “CRUNCH” trademarks all over the world. The “CRUNCH” trademarks are registered in the Philippines under Registration Nos. 4-1996-115792 and 035685 issued on July 23, 2001 and June 27, 1986, respectively for goods falling under International Class 30, which are still valid and in force in the Philippines.

The “CRUNCH” trademarks are also registered or applied for registered in over 70 countries worldwide long before the appropriation and filing of the application by Respondent-Applicant for the registration of the trademark “MAXCRUNCH” in the Philippines.

“2. There is a likelihood of confusing similarity between Opposer’s “CRUNCH” trademarks and Respondent-Applicant’s “MAXCRUNCH”.

Respondent-Applicant’s trademark “MAXCRUNCH” is confusingly similar to opposer’s “CRUNCH” trademarks in sound, spelling and meaning as to likely cause confusion.

Respondent-Applicant’s trademark “MAXCRUNCH” entirely contains Opposer’s trademark “CRUNCH”. The addition of the prefix “MAX” to Opposer’s “CRUNCH” trademarks does not avoid the probability of confusion among consumers since the descriptive character of the “MAX” portion of Respondent-Applicant’s trademark “MAXCRUNCH” merely connotes a variant (i.e. a “maxi” or big version) of opposer’s “CRUNCH” trademarks. This is especially so since the goods of the Opposer and Respondent-Applicant are the same and are made available to the same consuming public and in the same channels of distribution. Respondent-Applicant’s “MAXCRUNCH” trademark covers chocolate, chocolate confectionary, chocolate products, cocoa, cocoa products, biscuits, cookies, candy sweets, chocolate beverages, cocoa beverages, cereal foods, flour and preparations made from cereals bread, party and confectionary falling under International Class 30 while Opposer’s “CRUNCH” trademarks are also registered for goods falling under International Class 30 which include among others chocolate, cocoa and preparations having a base of cocoa, chocolate products, confectionary, bakery products, party biscuits, cakes, cookies, wafers, ice cream, cereals and cereal preparations

“3. The Opposer’s trademark “CRUNCH” is internationally well-known.

The trademark “CRUNCH” which Opposer herein originated and adopted is internationally well-known.

The Opposer’s ‘CRUNCH’ trademarks have been used, promoted and advertised for a considerable duration of time and over wide geographical areas having been in use in several countries. Opposer’s “CRUNCH” trademarks were first used in the United States of America in 1938. In the Philippines, chocolate bars bearing the “CRUNCH” trademark was first sold as early as the 1950’s although Registration Certificate No. 035685 indicates that the “CRUNCH” trademark was first used only in December 31, 1972. Since its first use in the Philippines, Opposer has invested significant amount of resources in the promotion of its trademark “CRUNCH” worldwide and in the Philippines.

“4. The use of Respondent-Applicant’s trademark “MAXCRUNCH” would indicate a connection with the goods and services covered in Opposer’s “CRUNCH” marks, hence, the interests of the Opposer are likely to be damaged.

Respondent-Applicant’s products are clearly identical to Opposer’s products covered by its “CRUNCH” trademarks. Undoubtedly, the use of the Respondent-Applicant’s trademark “MAXCRUNCH” definitely misleads the public into believing that its goods originate from, or are licensed or sponsored by Opposer or that Respondent-Applicant is associated with or an affiliated of the Opposer.

Respondent-Applicant has appropriated the trademark “MAXCRUNCH” for the obvious purpose of capitalizing upon or riding on the valuable goodwill and popularity of the “CRUNCH” trademarks which Opposer gained through tremendous effort and expenses over a long period of time. This clearly constitutes an invasion of Opposer’s Intellectual Property Rights.

The use by Respondent-Applicant of “MAXCRUNCH” will dilute the distinctiveness of Opposer’s “CRUNCH” trademark.

The use, sale and distribution by Respondent-Applicant of goods bearing “MAXCRUNCH” trademark are inflicting considerable damage to the interests of the Opposer. To allow Respondent-Applicant to register “MAXCRUNCH” will constitute a mockery of our laws protecting intellectual property rights; it will legitimize its unfair and unlawful business practice.

On October 27, 2005, a Notice to Answer was issued to the herein Respondent-Applicant. After several motions for extension, Respondent-Applicant filed its Verified Answer on March 2, 2006. Thereafter, this Bureau issued a Notice of Preliminary Conference on March 6, 2006. During the Preliminary Conference on April 5, 2006, both parties manifested their willingness to explore the possibility of an amicable settlement so that the preliminary conference was reset to another date. On June 21, 2006 after several resetting and without any compromise agreement being submitted, the preliminary conference was terminated. On July 5, 2006, Order No. 2006-959 was issued by this Bureau directing the parties to submit their respective Position Papers. Respondent-Applicant filed its Position Paper on July 18, 2006 while Opposer filed its Position Paper on July 26, 2006. Hence, this case is now submitted for decision.

The sole issue to be resolved in this case is: Whether or not Respondent-Applicant’s mark “MAXCRUNCH” should be registered.

As per the evidence submitted, Opposer’s mark “CRUNCH” is a registered mark here in the Philippines under Registration No. 4-1996-115792 issued on July 23, 2001 for goods such as chocolate, cocoa and preparations having a base of cocoa, chocolate products, confectionary, bakery products, party biscuits, cakes, cookies, wafers, ice cream, cereals and cereal preparations under Class 30 (Exhibit “J” and “J-1”). Likewise, Opposer has existing registration for the mark “CRUNCH” under Registration No. 35685 issued on June 27, 1986 (EXHIBIT “H” and “H-1”) and existing registration for the mark “BUNCH CRUNCH” under Registration No. 4-1997-119855 issued on January 18, 2004 (Exhibit “1” and “I-1”) both for goods falling under Class 30.

Opposer also submitted a Protection List showing the list of the countries where the crunch and nestle crunch marks are registered (Exhibit “D”), cash invoices and receipts of nestle crunch purchases from different stores in the Philippines (Exhibit “M” to “W”). To prove the use of said mark not only in the Philippines but in other countries like Australia, France, U.S.A., Spain, Italy and Switzerland, opposer submitted packaging of its different products using the mark “CRUNCH”, promotional material and posters (EXHIBIT “X” to “YY”, “CCC” to “EEE” and “III” to “XXX, video of commercials of the mark “CRUNCH” from 1963 to 2005 in France (EXHIBIT “AAA”) and a video of the TV advertisements in the U.S. from 2004 to 2005 (Exhibit “FFF).

On the other hand, Respondent-Applicant's mark "MAXICRUNCH" is registered in Australia, China, Singapore, New Zealand, Korea, Japan, Brunei, Cambodia 9Exhibits "1-C" to "1-L" and "6"). Also, Respondent-Applicant submitted affidavits of Gina Galon, Woon See Soon and Thiruna Vukarasa A/L Karthikeyan (Exhibit "4", "5" and "12"), colored photocopies of the actual chocolate product of Maxcrunch, Nestle Crunch, Buncha Crunch and silver Crunch and promotional posters of Maxcrunch chocolates (Exhibit "2" to "5", "8" to "11").

Opposer posited in its Position Paper that the application for the registration of the mark "MAXCRUNCH" should be denied since the mark "MAXCRUNCH" is an infringement and is confusingly similar to its mark "CRUNCH"; the goods upon which their respective marks are used are the same; and that as an owner of the registered mark "CRUNCH", it has the exclusive right to use it. In contrast, Respondent-Applicant contended that the vast dissimilarities and distinctions between the contending marks make the possibility of confusion remote.

In the Philippines, Republic Act No. 8293, otherwise known as the "Intellectual Property Code of the Philippines" is the governing law to determine the registrability of a trademark. Section 123.1 (d) thereof provides:

Sec. 123. *Registrability-* 123.1. *A mark cannot be registered if it:*

- (d) Is identical with a registered mark belonging to a different proprietor or a mark with an earlier filing or priority 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;"

In ascertaining whether one trademark is confusingly similar to or is a colourable imitation of another, jurisprudence has developed two tests, the dominancy test and the holistic tests, the dominancy test and the holistic test. The dominancy test focuses on the similarity of the prevalent features of the competing trademarks that might cause confusion. In contrasts, the holistic test requires the court to consider the entirety of the marks as applied to the products, including the labels and packaging, in determining confusing similarity.

In the case of MCDONALD'S CORPORATION ET. AL. vs. L.C. BIG MAK BURGER, INC., the Supreme Court enunciated:

"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.

Thus, in the 1954 case of Co Tiong Sa v. Director of Patents, 60 the Court ruled:

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 is it necessary that the infringing label should suggest an effort to imitate. (G. Heilman Brewing Co. vs. Independent Brewing Co., 191 F., 489, 495, citing Eagle White Lead Co. vs. Pflugh (CC) 180 Fed. 579).

The test of dominancy is now explicitly incorporated into law in Section 155.1 of the Intellectual Property Code, which defines infringement as the “colourable imitation of a registered mark...or a dominant feature thereof.”

In the much earlier cases, the Supreme Court had already ruled that “in cases involving infringement of trademarks, it has been held that there is infringement when the use of the mark involved would likely to cause confusion or mistake in the mind of the public or to deceive purchasers as to the origin or source of the commodity; that whether or not a trademark causes confusion and likely to deceive the public, is a question of fact which is to be resolved by applying the “test of dominancy”, meaning, if the competing trademark contains the main or essential or dominant features of another by a reason of which confusion and deception are likely to result, then infringement takes place; and that duplication or imitation is not necessary, a similarity of the dominant features of the trademark would be sufficient.”

In the instant case, the dominant feature of Opposer’s mark, which is the word “CRUNCH”, is reproduced and adopted by Respondent-Applicant in its mark. As correctly observed by Opposer, the meaning of the competing marks connotes a “crackling” sound. The word “crunch” in Respondent-Applicant’s mark “MAXCRUNCH” is made distinguishable from the word “max” by capitalizing it, thus, the clear intention to make the word “crunch” it merely connotes a variant of Opposer’s mark but it does not rule out that their similarities would likely cause confusion because of the presence of the main or essential or dominant feature of opposer’s mark and more so because the Respondent-Applicant’s mark “MAXCRUNCH” is used on same goods which are made available to the consuming public in the same channels of distribution. An unfair competitor need not copy the entire mark to accomplish its fraudulent purposes. It is enough if he takes the one feature which the average buyer is likely to remember. Indeed, measured against the dominant-feature standard, applicant’s mark must be disallowed. For, undeniably, the dominant and essential feature of the article is the trademark itself.

What is more, evidence would also show that the mark “CRUNCH” have been used by Opposer since 1972 in the Philippines in its various products and as such, has gained enormous popularity and valuable goodwill. The use or appropriation by Respondent-Applicant of the mark “CRUNCH” in its own mark shows its intention to ride in the popularity and valuable goodwill of Opposer.

Opposer as owner of the registered mark “CRUNCH” is entitled to protection. The protection of trademarks is the law’s recognition of the psychological function of symbols. If it is true that we live by symbols, it is no less true that we purchase goods by them. A trademark is a merchandising shortcut which induces a purchaser to select what he wants, or what he has been led to believe he wants. The owner of a mark exploits this human propensity by making every effort to impregnate the atmosphere of the market with the drawing power of a congenial symbol. Whatever the means employed, due aim is the same – to convey through the mark, in the minds of potential customers, the desirability of the commodity upon which it appears. Once this is attained, the trademark owner has something of value. If another poaches upon the commercial magnetism of the symbol he has created, the owner can obtain legal redress. Thus, under Section 138 of Republic Act No. 8293 it states that “the certificate of registration is a prima facie evidence of the registrant’s ownership of the mark, and of the exclusive right to use the same in connection with the goods or services specified in the certificate and those that are related thereto.”

Furthermore, a boundless choice of words, phrases and symbols is available to one who wishes a trademark sufficient unto itself to distinguish his product from those of others. When, however, there is no reasonable explanation for the defendant’s choice of such a mark though the field for his selection was so broad, the inference is inevitable that it was chosen deliberately to deceive.

In the case of AMERICAN WIRE & CABLE CO. VS. DIRECTOR OF PATENTS, 31 SCRA 544, the Supreme Court further held that:

“As in all other cases of colourable imitations, the unanswered riddle is why, of the millions of terms and combinations of letters and designs available, the appellee had to choose a trademark so closely similar to another’s trademark if there was no intent to take advantage of the goodwill generated by the other mark.”

WHEREFORE, premises considered, the Notice of Verified Opposition filed by opposer, SOCIETE DES PRODUITS NESTLE, INC. against respondent-applicant GCIH TRADEMARKS LIMITED subject application is, as it is hereby SUSTAINED. Consequently, the trademark application for the registration of the mark “MAXCRUNCH” bearing Application Serial No. 4-2002-002534 filed by respondent-applicant GCIH Trademarks Limited on 25 March 2002 for goods under Class 30 of the International Classification of goods is, as it is hereby, REJECTED.

Let the filewrapper of MAXCRUNCH together with a copy of this Decision be transmitted to the Bureau of Trademarks (BOT) for appropriate action.

SO ORDERED.

Makati City, 13 October 2006.

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