

SOCIETE DES PRODUITS NESTLE S.A.  
Opposer,

IPC NO. 14-2007-00306

-versus-

Opposition to:  
Appln. Serial No. 4-2005-008148  
Date Filed: 22 August 2005  
Trademark: MILKO AND DEVICE

JOSE V. JERNANDEZ, JR.,  
Respondent-Applicant. Decision No. 2008-237

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## DECISION

For resolution is the Opposition filed by Societe Des Produits Nestle S.A., (the "Opposer") against Application No. 4-2005-008148 filed by Gonzalo M. Dingal (the "Respondent-Applicant") on 22 August 2005 for the registration of the mark MILKO AND DEVICE covering goods in Class 30, upon the ground that the mark MILKO AND DEVICE is confusingly similar with its MILO trademark for use on same or similar goods.

Opposer, SOCIETE DES PRODUITS NESTLE S.A. (hereafter, the "Opposer") is a corporation duly formed under the laws of Switzerland with business address at Vevey, Switzerland.

Respondent-Applicant, JOSE V. JERNANDEZ, JR., is a sole owner and proprietor, with postal address at 5435 C.M. Recto Hi-way cor. G. Puyat Avenue, Clark Special Economic Zone, Clarkfield, Pampanga, Philippines.

On 23 October 2007, Opposer filed the instant Opposition against Respondent-Applicant's Application for registration of the trademark MILKO AND DEVICE for goods under Class 30, specifically for: *ice cream, novelties: ice cream in scoops, creamstick, buko salad, fiesta bar, crunch, gallon, half gallon, liter, pint (Class 30)*.

On 09 November 2007, this Bureau issued a Notice to Answer. The Notice to Answer required Respondent-Applicant to submit its Verified Answer within thirty (30) days from receipt thereof. For failure of Respondent-Applicant to file the required Answer after granting his request for several extensions, this Bureau in Order No. 2008-1882 considered the case submitted for decision based on the Opposition, affidavits of the witnesses and documentary evidence submitted by the Opposer, pursuant to Section 11 of the Amended Rules on Inter Partes Proceedings.

The grounds upon which the opposition to the registration of the trademark MILKO AND DEVICE were anchored are as follows:

1. "The Opposer is the first to adopt, use and register the trademark "MILO" in the Philippines for several goods, among which are ice cream products and desserts, and therefore enjoys under Section 147 of Republic Act (R.A.) No. 8293 the right to exclude others from registering or using an identical or confusingly similar mark such a Respondent-Applicant's trademark "MILO" for similar and identical goods, i.e., ice cream, ice cream in scoops, etc.
2. "The MILKO & DEVICE mark nearly resembles the "MILO" mark of Opposer, in sound, spelling and appearance as to be likely to deceive or cause confusion as contemplated under Section 123(d), R.A. 8293.
3. "The Opposer's "MILO" mark, used among others, for ice cream products, is well-known internationally and in the Philippines, taking into account the knowledge of the relevant sector of the public, as being a trademark owned by Opposer, hence, Respondent-Applicant's

“MILKO & DEVICE” trademark cannot be registered in the Philippines, especially for identical and similar goods pursuant to the express provision of Section 123(e) of R.A. No. 8293.

4. “The Respondent-Applicant, in adopting “MILKO & DEVICE” for ice cream novelties: ice cream in scoops, creamstick, buko salad, fiesta bar, crunch, gallon, half gallon, litter, pint, is likely to cause confusion, or to cause mistake or to deceive as to the affiliation, connection or association with the Opposer, or as to origin, sponsorship, or approval of its goods by the Opposer, for which it is liable for false designation of origin; false description of representation under Section 169 of R.A. No. 8293.

In support of the above opposition, Opposer relied on the following facts and circumstances:

1. “The Opposer is the first to adopt, use and register the trademark “MILO” in the Philippines.

The Opposer’s date of first use in the Philippines of “MILO” for several goods, among which are ice cream products and desserts, was much earlier than the date of first use of Respondent-Applicant’s “MIO” mark for the same and/or related goods. As shown by the Renewal Certificate of Registration Number 2682 for Serial No. R-3388, and attached herein as Exhibit “A”, the “MILO” mark was first used in the Philippines on December 31, 1936. Said date of first use is also stated in the Responses to Paper No. 4 and Paper No. 5, during the prosecution of Trademark Application Numbers 4-1998-05350 and 4-1998-05349 respectively. Said Responses, together with the Official Actions and the Declaration of Actual Use subject thereof, are attached herein as Exhibits “B” to “B-4”.

The Opposer filed an application in the Philippines for the registration of the “MILO” mark as early as August 7, 1997 under Trademark Application Number 4-1997-123352 for class 30 goods (chocolate and confectionery). Said application was granted registration on August 24, 2003 as shown by the Certificate of Registration attached herein as Exhibit “C”.

For class 30 goods, including ice cream products and desserts, Opposer was granted registration for the “MILO” mark on April 14, 2005 under Trademark Registration Number 4-1998-005349. The corresponding application was filed on July 21, 1998. Respondent-Applicant filed its Trademark Application No. 4-2005-008148 for the registration of the “MILKO & DEVICE” mark only on August 22, 2005. Certified true copy of the Trademark Registration Number 4-1998-005349 is hereto attached as Exhibit “D”.

Further, Opposer has used its mark “MILO” for ice cream products since year 2000. In particular, Opposer’s “MILO” ice cream products are currently available in ice cream cups and ice cream/ice lolly sticks distributed in retail outlets and selling carts. Actual labels of Opposer’s ice cream products bearing its “MILO” mark are hereto attached as Exhibits “E” to “E-4” and “F” to “F-3”.

Opposer had also been granted other registrations for the “MILO” mark, and marks containing “MILO”, under Trademark Registration Numbers 4-1998-005348, 4-1999-006033, 044549, 4-1997-125482 and 4-1998-005350 covering goods under classes 30, 29, 30, 30/32, 30 and 32, respectively, as shown by the certificates of registration attached herein as Exhibits “G” to “K”.

2. “The “MILKO & DEVICE” mark nearly resembles the “MILO” mark of Opposer.

Respondent-Applicant’s “MILKO & DEVICE” mark, as specifically described in the E-Gazette released on June 22, 2007, “consists of the word ‘MILKO’ inside a circle, as shown in the print-out copy of said E-Gazette attached herein as Exhibit “L”.

On the other hand, the “MILO” mark of Opposer comprises the same four letters as Respondent-Applicant’s mark, except for the letter “K”. Thus, Respondent-Applicant’s mark is confusingly similar to that of Opposer’s mark, as the only difference between the two marks is the letter “K” in respondent-applicant’s mark. The mere addition of the letter “K” does not substantially alter the mark graphically, as well as practically. Respondent-Applicant’s “MILKO & DEVICE” mark still looks similar to Opposer’s “MILO” and is likely to deceive the unwary customer. Likewise, the sound of the “MILKO” mark is similar to “MILO”, as both marks end in the vowel “O”.

3. “The Opposer’s “MILO” trademark is well-known internationally and in the Philippines.

The Opposer has also been issued registrations under Classes 29, 30 and 32 for several goods among which are ice cream products and desserts, for the trademark “MILO” in major markets all over Europe, America, Oceania and Asia.

The Opposer’s trademark “MILO” has been used, promoted and advertised for a considerable duration of time and over wide geographical areas. Opposer has invested tremendous amount of resources in the marketing and promotion of its said mark, i.e., advertisements in well-known newspapers, magazines and other publications in the Philippines and around the world, media campaigns, TV advertising campaigns, etc. Consequently, the products carried under said trademark had, through many decades, earned international acclaim, as well as the distinct reputation of being high quality and is also recognized as a well-known brand in several parts of the world. There is already a high degree of distinction of the Opposer’s trademark “MILO”. Copies of price stickers, menu boards, streamer and freezer backboard used for the marketing and advertisement of Opposer’s “MILO” trademark for ice cream products are hereto attached as Exhibits “M” to “M-1” and “N” to “N-1”.

In fact, Opposer’s “MILO” mark has a considerable share in the market in the Philippines and in many countries in the world, as shown by the Affidavit of Michelle Marie C. Alvarillo, attached herein as Exhibit “O”.

4. “The use of Respondent-Applicant’s “MILKO & DEVICE” trademark would indicate a connection between the goods covered in Opposer’s “MILO” mark, hence, the interests of Opposer are likely to be damaged.

The present application for the registration of the “MILKO & DEVICE” mark covers ice cream novelties: ice cream in scoops, creamstick, buko salad, fiesta bar, crunch, gallon, half gallon, liter, pint, under class 30, as published in the E-Gazette, a print out copy of which has been attached herein as Exhibit “E”. On the other hand, the registrations of the “MILO” mark covers, among others, ice cream products and desserts under class 30, as shown by the Certificate of Registrations already attached herewith as Exhibits “A”, “C” and “D” to “I”.

It must be stressed that the ice cream novelties: ice cream in scoops, creamstick, buko salad, fiesta bar, crunch, gallon, half gallon, liter and pint of Respondent-Applicant are covered and/or related to the ice cream products and desserts of Opposer. The parties’ respective products are undeniably food items related to each other. The use of Respondent-Applicant’s “MIO” mark for ice cream novelties: ice cream in scoops, creamstick, buko salad, fiesta bar, crunch, gallon, half gallon, liter and pint 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 affiliate of the Opposer.

Respondent-Applicant has appropriated the trademark “MILKO & DEVICE” for the obvious purpose of capitalizing upon or riding on the valuable reputation, goodwill and popularity in the international market for “MILO” products, which Opposer gained through tremendous effort and expense over many decades. This clearly constitutes an invasion of Opposer’s intellectual property rights.

Undoubtedly, the use, sale and distribution by the Respondent-Applicant of products bearing the "MILKO & DEVICE" mark are inflicting considerable damage to the interests of the Opposer. To allow Respondent-Applicant to register "MILKO & DEVICE" for cream novelties: ice cream in scoops, creamstick, buko salad, fiesta bar, crunch, gallon, half gallon, liter and pint will constitute a mockery of our laws protecting intellectual property rights. It will legitimize its unfair and unlawful business products.

5. "In support of its allegations herein, Opposer attaches herewith the Affidavit of its witness, Michelle Marie C. Alvarillo, already attached herein as Exhibit "O", together with its annexes, and the rest of its evidence, duly marked as Exhibits "P" to "V" for the following purposes:

The original copies of herein "S", "T" and "U" have been submitted to the Honorable office in connection with the Inter Partes Case No. 14-2007-00009 entitled "Societe Des Produits Nestle S.A. vs. Blissful Centany International Limited" filed on January 2, 2007 against Trademark Application No. 4-2005-009505 for the mark "MIO", therein marked as Exhibit "J", "K" and "L".

6. "Opposer reserves the right to present such other documents as may be necessary to prove the foregoing allegations in the course of the proceedings.

#### Issues

The issues to be resolved in the instant Opposition case are:

(a) Whether or not Respondent-Applicant's trademark MILKO AND DEVICE is confusingly similar to Opposer's MILO trademark such that Opposer will be damaged by registration of MILKO AND DEVICE trademark in the name of Respondent-Applicant; and

(b) Whether or not Respondent-Applicant's trademark application for MILKO AND DEVICE should be granted registration.

This Bureau considered the Verified Notice of Opposition submitted for decision upon Respondent-Applicant's failure to submit and/or file his Verified Answer and considering that the case was mandatorily covered by the Summary Rules under Office Order No. 79, this Bureau resolved to submit it based on the Opposition, affidavits of the witnesses and documentary evidence submitted by the Opposer by virtue of Order No. 2008-1882.

Filed as evidence for the Opposer, based on the records, are the following:

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|----|---|---|---|
| 1. | Renewal Certificate of Registration No. 2682 for Serial No. R-3388                                | - | <i>Exhibit "A"</i>                      |
| 2. | Responses, Official Actions and Declaration of Actual Use   | - | <i>Exhibits "B to B-4"</i>              |
| 3. | Certificate of Registration No. 4-1997-123352   | - | <i>Exhibit "C"</i>                      |
| 4. | Certified true copy of Trademark Reg. No. 4-1998-005349   | - | <i>Exhibit "D"</i>                      |
| 5. | Actual labels of Opposer's ice cream Products bearing its MILO mark                               | - | <i>Exhibits "E to E-4" n "F to F-3"</i> |
| 6. | Trademark Registration Nos. 4-1998-005348, 4-1999-006033, 044549, 4-1997-125482 and 4-1998-005350 | - | <i>Exhibits "G" to "K"</i>              |
| 7. | Print-out copy of Respondent-Applicant's "MILKO & DEVICE" in the E-Gazette                        | - | <i>Exhibit "L"</i>                      |

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| 8.  | Copies of price stickers, menu boards, Streamer and freezer backboard used for Marketing and advertisement of Opposer's MILO trademark | - | <i>Exhibits "M to M-1"</i>    |
| 9.  | Affidavit of Michelle Marie C. Alvarillo   | - | <i>Exhibit "O"</i>            |
| 10. | Actual labels of the "MILO" chocolate flavored Confectionery   | - | <i>Exhibit "P"</i>            |
| 11. | Actual labels of the "MILO" chocolate coated wafer   | - | <i>Exhibit "Q"</i>            |
| 12. | Receipt issued by the Landmark Corp  | - | <i>Exhibit "R"</i>            |
| 13. | Printout copies of advertising and promotional materials of "MILO"   | - | <i>Exhibits "S" to "S-3"</i>  |
| 14. | Printout copies of promotional material entitled "Milo in the Philippines"   | - | <i>Exhibits "T" to "T-10"</i> |
| 15. | Protection List containing an enumeration of some of the "MILO" registrations all over the world                                       | - | <i>Exhibits "U" to "U-24"</i> |

A cursory reading of paragraph (d), Section 123.1 of R.A. 8293 with emphasis on identicalness and/or confusingly similarity of the marks in question states that:

*"Section 123. Registrability. – 123.1. A mark cannot be registered if it:*

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*(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;"*

xxx

In the preceding section, well-settled is the rule that an identical or confusingly similar mark cannot be registered. Opposer filed the application for its trademark MILO under Class 30 which matured into registration on 05 November 1979 under Registration No. R-2682 for *prepared cocoa for food purposes (Exhibit "A", Opposer)*. Respondent-Applicant applied for the registration of the mark MILKO AND DEVICE on 22 August 2005 for similar food or food purposes falling under the same Class 30 bearing Application Serial No. 4-2005-008148. Although Opposer has shown prior application thereof, were the evidence sufficient to prove confusingly similarity in both trademarks?

The issue stems or springs from Respondent-Applicant's appropriation of the mark MILKO AND DEVICE which has the same sound and spelling vis-à-vis Opposer's trademark, MILO except that Applicant inserted the letter K and has a device accompanying the word mark and is described therein as "A circle colored with majenta with the word "MILKO" in small letters. Certainly, there can be no doubt about the similarity of the two marks in issue when it comes to adoption of the letters M, I, L and O. The two competing marks are reproduced for purposes of comparison:

# MILO



Opposer's MILO trademark  
Registration No. 2682

Respondent's MILKO AND DEVICE mark  
Application No. 42005008148

Respondent-Applicant has all the letters M, I, L and O in its MILKO AND DEVICE mark, although the presentation of the labels is slightly different such as in the printing of the labels and in the adoption of a device with the word mark MILKO, likewise, Opposer used capital letters in horizontal form, as compared to Applicant's MILKO AND DEVICE which has the word MILKO written in small letters vis-à-vis Opposer's MILO trademark which has all the letters capitalized. Both marks are similar in the adoption of the letters M, I, L and O with Applicant using a device accompanying the word mark MILKO and is described to be "a circle colored with majenta with the word "MILKO" in small letters." However, an ordinary consumer's attention would not be drawn on the minute dissimilarities that were noted but to similarities that are glaring and striking to the eye.

To create some variations which is not significantly distinctive and in an effort to make registrable and otherwise unregistrable trademark because the subject mark is confusingly similar to a prior or previously applied trademark of Opposer, Respondent-Applicant's mark accompanied a device with the word mark MILKO which device is described to be "a circle colored with majenta with the word "MILKO" in small letters."

Using the afore-quoted provision under R.A. 8293, the final outcome and/or general appearance of Respondent-Applicant's MILKO fell short of the requirement to be distinctive in that Respondent-Applicant's mark is for most part likely to be mistaken or confused as Opposer's MILO trademark with the adoption by Respondent of all of the letters M, I, L, O in Respondent's MILKO mark.

The letters M, I, L, O still dominates the whole appearance of Applicant's mark notwithstanding the insertion of the letter K and adoption of a device in Applicant's MILKO AND DEVICE mark, thus, similarities in the dominant feature of both marks are not lost. It is noteworthy to cite at this juncture the ruling of the Supreme Court in the cases of *Co Tiong Sa v. The Director of Patents* (95 Phil 1 (1954)); *Sapolin Corp. vs. Balmaceda* (67 Phil. 705); and *Forbes Nurma & Co. vs. Ang San To* (40 Phil 272) which applied the dominancy test in determining the existence of confusing similarity between trademarks, that "if there is similarity with the essential or dominant feature of the trademark, despite some differences or variations in detail, *there is infringement.*"

The word MILO remains to be the prominent and distinctive feature in the mark, the inserted letter "K" and accompanying device described as "a circle colored with majenta with the word "MILKO" in small letters" are significant as to yield a distinct appearance for Applicant's mark not only because of the adoption of all the letters M, I, L and O, but the word MILO standing alone has continued to create confusion between the competing marks.

Considering the goods of Opposer vis-à-vis Applicant's products are the same, in that they produce food products falling under Class 30 of the International Classification of Goods. Thus, applying these competing marks to the same goods which passed through the same channels of trade and marketed similarly, may lead to confusion in trade and would damage

Opposer's goodwill or reputation which it has painstakingly earned and established for some time in the Philippines.

In like manner, the Supreme Court made the following pronouncements to the effect that:

*"The tradename "LIONPAS" for medicated plaster cannot be registered because it is confusingly similar to "SALONPAS", a registered trademark also for medicated plaster. x x x Although the two letters of "SALONPAS" are missing in "LIONPAS", the first letter a and the letter s. Be that as it may, when the two words are pronounced, the sound effects are confusingly similar."* (Marvex Commercial Co vs Hawpia & Co., 18 SCRA 1178),

*"The similarity between the two competing trademarks, DURAFLEX and DYNAFLEX is apparent. Not only are the initial letters and the last half of the appellations identical but the difference exists in only two out of the eight literal elements of the designations. Coupled with the fact that both marks cover insulated flexible wires under Class 20; x x x no difficulty is experienced in reaching the conclusion that there is a deceptive similarity that would lead the purchaser to confuse one product with the other."* (American Wire and Cable Co. vs Director of Patents, 31 SCRA 544),

Moreover, this Bureau cannot take for granted the inaction of Respondent-Applicant in defending its claim over the trademark "MILKO AND DEVICE". Such inaction of Respondent-Applicant is evidence by its failure to file its Answer despite receipt of the Notice to Answer the Notice of Opposition, contrary to the disputable presumption that "a person takes ordinary care of his concern", enunciated in Section 3(d) of Rule 131 of the Rules of Court.

It was the Respondent-Applicant's option not to defend its case, contrary to the declared policy of the Supreme Court to the effect that "it is precisely the intention of the law to protect only the vigilant, not those guilty of laches."

Finally, as provided for under Sec. 230 of R.A. 8293, otherwise known as the Intellectual Property Code of the Philippines:

*"Sec. 230. Equitable Principles to Govern Proceedings. – In all inter partes proceedings in the Office under this Act, the equitable principles of laches, estoppel, and acquiescence where applicable, may be considered and applied."*

As defined in the dictionary, laches means "slackness of carelessness toward duty or opportunity or neglect to do a thing at the proper time".

WHEREFORE, premises considered, the Notice of Opposition is, as it is hereby SUSTAINED. Consequently, Application bearing Serial No. 4-2005-008148 filed by Jose V. Hernandez, Jr. on 22 August 2005 for the registration of the mark "MILKO AND DEVICE" for goods falling under Class 30 for use on ice cream novelties: ice cream in scoops, creamstick, buko salad, fiesta bar, crunch, gallon, half gallon, liter, pint is, as it is hereby REJECTED.

Let the filewrapper of MILKO AND DEVICE, subject matter of this case together with a copy of this Decision be forwarded to the Bureau of Trademarks for appropriate action.

SO ORDERED.

Makati City, 19 December 2008.

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