



OFFICE OF THE DIRECTOR GENERAL

**SOCIETE DES PRODUITS
NESTLE S. A.,**

Opposer-Appellant,

-versus-

SAN MIGUEL CORPORATION,

Respondent-Appellee.

Appeal No.14-09-03

Inter Partes Case No. 14-2007-00022

Opposition to:

Application No. 4-2005-005237

Date Filed: 07 June 2005

Trademark: SAN MIG COFFEE MILD
SUGAR FREE LABEL DESIGN

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DECISION

The SOCIETE DES PRODUITS NESTLE S. A. (“Appellant”) appeals the decision of the Director of the Bureau of Legal Affairs (“Director”) denying the Appellant’s opposition to Trademark Application No. 4-2005-005237 filed by SAN MIGUEL CORPORATION (“Appellee”).

Records show that on 07 June 2005, the Appellee filed an application for the registration of the mark “SAN MIG COFFEE MILD SUGAR FREE LABEL DESIGN” (“SAN MIG COFFEE MILD SUGAR FREE & DESIGN”) for use on coffee under Class 30 of the Nice Classification¹. The application was published in the Intellectual Property Office Electronics Gazette for Trademarks on 15 September 2006. On 15 January 2007, the Appellant filed a “VERIFIED NOTICE OF OPPOSITION” alleging the following:

1. It is the first to adopt, use, and file an application for registration in the Philippines of the mark “MUG DEVICE” or “MUG RED” for several goods among which is coffee and, therefore, enjoys the right to exclude others from registering or using an identical or confusingly similar mark such as the Appellee’s SAN MIG COFFEE MILD SUGAR FREE & DESIGN;
2. MUG DEVICE or MUG RED is well-known internationally and in the Philippines, taking into account the knowledge of the relevant sector of the public, as being trademarks owned by the Appellant, hence, SAN MIG COFFEE MILD SUGAR FREE &

¹ The Nice Classification is a classification of goods and services for the purpose of registering trademarks and service marks, based on a multilateral treaty administered by the World Intellectual Property Organization. This treaty is called the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks concluded in 1957.

DESIGN cannot be registered in the Philippines, especially for identical and similar goods;

3. It has used, promoted and advertised the mark MUG DEVICE or MUG RED for considerable duration of time and over wide geographical areas and has invested tremendous amount of resources in the promotion of this mark;
4. Its NESCAFE products bearing the MUG DEVICE or MUG RED have a considerable market share in the Philippines;
5. SAN MIG COFFEE MILD SUGAR FREE & DESIGN nearly resembles in appearance MUG DEVICE or MUG RED as to be likely to deceive or cause confusion;
6. The Appellee in adopting SAN MIG COFFEE MILD SUGAR FREE & DESIGN for coffee is likely to cause confusion or to cause mistake, or to deceive as to the affiliation, connection or association with the Appellant, or as to origin, sponsorship, or approval of its goods by the Appellant, for which it is liable for false designation of origin and false description or representation;
7. The Appellee has appropriated SAN MIG COFFEE MILD SUGAR FREE & DESIGN for the obvious purpose of capitalizing upon or riding on the valuable reputation, goodwill and popularity in the international market for MUG RED coffee which the Appellant gained through tremendous effort and expense over many decades;
8. Notwithstanding that the Appellee has disclaimed the exclusive use of the "picture of a mug filled with coffee", the Appellee's use of SAN MIG COFFEE MILD SUGAR FREE & DESIGN for coffee dilutes the distinctiveness of MUG DEVICE or MUG RED and weaken its protection and use;
9. The use, sale, and distribution by the Appellee of products bearing the mark MUG DEVICE or MUG RED are inflicting considerable damage to the interests of the Appellant that to allow the Appellee to register SAN MIG COFFEE MILD SUGAR FREE & DESIGN will constitute a mockery of our laws protecting intellectual property rights and will legitimize the Appellee's unfair and unlawful business practice; and
10. The Appellee violated the Agreement, dated 29 April 2005, it entered into with the Appellant and the Appellant's licensee in the Philippines-Nestle Philippines, Inc., wherein it expressly

recognized the rights of the Appellant and Nestle Philippines Inc. in the MUG DEVICE.

The Appellant submitted the following evidence to support its opposition:

1. Quarterly Supplement of Nestle Family Balita, dated 15 June 1998;²
2. Trademark Application No. 4-2003-0004210;³
3. Declaration of Actual Use of MUG DEVICE;⁴
4. Cert. of Reg. No. 33402 for NESCAFE WITH MUG DEVICE ON JAR;⁵
5. Protection List;⁶
6. Sample labels and packages;⁷
7. CD-ROM;⁸
8. Copies of advertisements;⁹
9. A/C Nielsen Homepanel data;¹⁰
10. Printout from Business Week magazine;¹¹
11. Quarterly Supplement of Nestle Family Balita, dated 15 June 1998;¹²
12. NESCAFE CLASSIC PACKAGING EVOLUTION 1938-1989;¹³
13. Copies of mug device;¹⁴
14. Appellee's trademark application as published in the Electronics Gazette for Trademarks;¹⁵
15. Agreement between the Appellant, Appellee and Nestle Philippines, Inc., dated 29 April 2005;¹⁶
16. Affidavit of Mabini L. Antonio, executed on 12 January 2007;¹⁷
17. Affidavit of Giselle Fatima Tiong Dee, executed on 13 January 2007.¹⁸
18. Video on Appellant's products;¹⁹ and
19. Pictures on Appellant's products.²⁰

The Appellee filed its "VERIFIED ANSWER (To Notice of Opposition)" on 23 May 2007 alleging the following:

² Exhibit "A".

³ Exhibits "B" to "B-3".

⁴ Exhibit "C".

⁵ Exhibit "D".

⁶ Exhibits "E" to "E-8".

⁷ Exhibits "F" to "F-7".

⁸ Exhibit "G".

⁹ Exhibits "G-1" to "G-16".

¹⁰ Exhibit "H".

¹¹ Exhibits "I" to "I-1".

¹² Exhibit "J".

¹³ Exhibit "K".

¹⁴ Exhibits "L" to "L-6".

¹⁵ Exhibit "M".

¹⁶ Exhibit "N".

¹⁷ Exhibits "O" to "O-3".

¹⁸ Exhibits "P" and "P-1".

¹⁹ Exhibit "Q".

²⁰ Exhibits "R" to "R-11".

1. It is Southeast Asia's largest publicly listed food, beverage, and packaging company and its business has expanded through the years, covering a wide variety of products and services;
2. Its core businesses include beverages – beer, hard, liquor, and fruit juices, and it is also involved in food and agricultural business, as well as in the packaging business; in 2004, the Appellee, through its affiliated company San Miguel Super Coffeemix Company, Inc. (“SMSCC”) introduced a wide variety of coffee products to the market in response to the growing public demand for more choices in instant coffee mixes;
3. It and its affiliated companies produce numerous different products whose brand names include the most recognized in the food and beverage industries;
4. It is the lawful proprietor of the SAN MIG COFFEE MILD SUGAR FREE & DESIGN which refers to its 3-in-one coffee mix and is one of the available flavor variants of its coffee mix products;
5. It has continuously and extensively used the SAN MIG COFFEE MILD SUGAR FREE & DESIGN through SMSCC to identify its coffee products in the Philippines;
6. There is no basis on the claim that its use of SAN MIG COFFEE MILD SUGAR FREE & DESIGN enables it to capitalize upon the valuable reputation, goodwill, and popularity of the Appellant; on the contrary, it continues to invest considerable amounts of resources, energy and creativity to promote and advertise its own line of coffee products and it has launched extensive advertising campaigns through the print media such as newspapers like the *Philippine Daily Inquirer*, *Philippine Star*, and popular magazines like *Good Housekeeping* and *Cosmopolitan*;
7. Its television commercials entitled “Ideal Man” and “Dreaming” were first aired in September 2006 and the identity and popularity of its coffee products were further bolstered and reinforced by the consistent showing of these advertisements;
8. Its mark was applied for registration in order to formalize its exclusive ownership over it;
9. SAN MIG COFFEE MILD SUGAR FREE & DESIGN is not confusingly similar to MUG DEVICE; and

10. It did not violate the Agreement, dated 29 April 2005, which refers to the use of the trademarks “CLASSIC”, “NESCAFE WITH MUG DEVICE ON JAR”, “MUG DEVICE”, and a “DEVICE OF A MUG EMPLOYING THE COLOR RED” in relation to coffee products.

The Appellee’s evidence consists of a sample of its product,²¹ advertisements of its products,²² and compact discs of its television commercials.²³

In deciding in favor of the Appellee, the Director ruled that the dominant feature in the Appellee’s mark, that is “SAN MIG”, has no similarity at all to the Appellant’s marks MUG DEVICE and “NESCAFE with MUG DEVICE ON JAR”. According to the Director, no confusing similarity exists between the competing marks considering that both differ in composition, spelling and pronunciation. The Director also held that the Appellant failed to substantiate its claim that MUG DEVICE is a well-known mark and that the Appellee did not violate the Agreement dated 29 April 2005.

On 07 February 2008, the Appellant filed a “MOTION FOR RECONSIDERATION” which was denied by the Director for lack of merit. Dissatisfied with the decision and resolution of the Director, the Appellant filed on 05 January 2009 a “NOTICE OF APPEAL WITH MEMORANDUM OF APPEAL”. In the appeal, the Appellant asserts that SAN MIG COFFEE MILD SUGAR FREE & DESIGN is confusingly similar to MUG DEVICE and NESCAFE with MUG DEVICE ON JAR, that its marks are well-known, and that the Appellee violated the terms of their Agreement, dated 29 April 2005.

The Appellee filed its “COMMENT to the Notice of Appeal with Memorandum of Appeal” on 02 March 2009 refuting the Appellant’s arguments in the appeal and contends that its mark is not confusingly similar to the Appellant’s marks. The Appellee claims that it did not violate its agreement with the Appellant as it is not using the same color (red) of a mug and that the claim that the Appellant’s marks are well-known is immaterial because the marks involved are not confusingly similar.

Pursuant to Office Order No. 197, Series of 2010, Mechanics for IPO-Mediation and Settlement Period, this Office issued an Order on 01 February 2011 referring this case to mediation. On 28 May 2012, this Office received from the IPOPHL Alternative Dispute Resolution (ADR) Services a copy of the “MEDIATORS’ REPORT” with a notice of the non-settlement of dispute and unsuccessful mediation of this case.

²¹ Exhibit “1”.

²² Exhibits “2” to “6”.

²³ Exhibits “7” and “8”.

The main issue in this case is whether the Director was correct in denying the Appellant's opposition to the registration of SAN MIG COFFEE MILD SUGAR FREE & DESIGN in favor of the Appellee.

Is SAN MIG COFFEE MILD SUGAR FREE & DESIGN confusingly similar to MUG DEVICE and NESCAFE with MUG DEVICE ON JAR?

In trademark cases, particularly in ascertaining whether one trademark is confusingly similar to or is a colorable imitation of another, no set of rules can be deduced. Each case is decided on its own merits.²⁴ As the likelihood of confusion of goods or business is a relative concept, to be determined only according to the particular, and sometimes peculiar, circumstances of each case,²⁵ the complexities attendant to an accurate assessment of likelihood of such confusion requires that the entire panoply of elements constituting the relevant factual landscape be comprehensively examined.²⁶

The competing marks are reproduced below for comparison:



Appellee's mark



Appellant's marks

This Office agrees with the Director that the competing marks are not confusingly similar. The terms "San Mig" and the "double leaf" device above the letter "i" draw the attention on the Appellee's mark which can be readily recognized by any person seeing this mark. The Appellee's mark also has the word "Mild" and a picture of a cup/mug of coffee. These features of the Appellee's mark characterize the distinctness of this mark and differentiate it from those of the Appellant's marks. Moreover, a review of the Appellee's application reveals that the other features of the Appellee's mark like the words "coffee", "mild", "sugar", and "free" and the picture of a mug filled with coffee were disclaimed.

On the other hand, the prevalent feature in the MUG DEVICE of the Appellant is the picture of the red mug itself which is not found in the Appellee's mark. Similarly in the mark NESCAFE with MUG DEVICE ON JAR, the word "NESCAFE" easily distinguishes the Appellant's mark from that of the Appellee's.

²⁴ *Emerald Garment Manufacturing Corporation v. Court of Appeals*, 251 SCRA 600 (1995).

²⁵ *Esso Standard Eastern, Inc. v. Court of Appeals*, 116 SCRA 336 (1982).

²⁶ *Societe Des Produits Nestle, S.A., et.al v. Court of Appeals, et. al.*, G.R. No. 112012, 04 April 2001.

Thus, it is unlikely that consumers would be deceived or be confused that the mark of the Appellee belongs to the Appellant, or vice versa. As correctly observed by the Director:

The words “SAN MIG” and “NESCAFE” are printed prominently on both labels of the contending marks which easily attract and catch the eyes of an ordinary consumer and these words and none other stick in his mind when he thinks of *coffee*, thus, ruling out the likelihood of confusion or similarity in the mind of the purchasing public. Moreover, the Opposer has not established such a substantial similarity between the two trademarks in question as to warrant the opposition of the trademark of the Respondent-Applicant. Even the **mug designs** accompanying both marks are different in **presentation**. The “mug” device contained in the Respondent-Applicant’s mark is blue in color, filled with coffee but only **half** of the mug is shown with the word “MILD” written on the mug, while the mug device contained in the Opposer’s mark is the whole one cup with handle, likewise filled with coffee but the color of the mug is red.²⁷

With respect to the Appellant’s claim that its marks are well-known, this is now immaterial to this case. The protection accorded to well-known marks applies only if there is a finding of confusing similarity between computing marks. Furthermore, there is merit to the point raised by the Appellee that:

Based on the exhibits of Opposer-Appellant, the “MUG DEVICE” element is always combined with the word “NESCAFE” and/or surrounded by coffee beans. Hence, contrary to Opposer-Appellant’s contention, the “MUG DEVICE” mark alone, cannot be claimed to be exclusively owned by Opposer-Appellant since it is insufficient, as an isolated element, to identify Opposer-Appellant’s goods.

The alleged study conducted by AC Nielsen Homepanel, as well as the alleged ranking of Opposer-Appellant in the Business Week also show that it is the brand “NESCAFE” that is [the] dominant part of its labels and is the most remembered by the consumers, as opposed to “MUG DEVICE” *per se*.²⁸

Regarding the alleged violation by the Appellee of its agreement²⁹ with the Appellant not to adopt, either through filing or registration, identical and/or similar marks to MUG DEVICE, this is irrelevant to the determination of whether SAN MIG COFFEE MILD SUGAR FREE & DESIGN can be registered in favor of the Appellee. Nevertheless, the provision of the Agreement³⁰ cited by the Appellant refers to the commitment of the Appellee not to file or register a mark identical or confusingly similar with the Appellant’s marks. With the determination of lack of confusing similarity between the Appellant’s and Appellee’s marks, the Appellant’s position has no leg to stand on.

²⁷ Decision No. 2007-194, dated 21 December 2007, page 12.

²⁸ See COMMENT to the Notice of Appeal with Memorandum of Appeal, dated 27 February 2009, page 14.

²⁹ Agreement dated 29 April 2005.


³⁰ Paragraph 3 of the Agreement provides that:

3. SMC undertakes that it shall not in the future file any trademark or copyright application for the mark “CLASSIC” and the device of a mug employing the color red in relation to coffee products, or use the same on any other coffee products, and it shall not adopt either through filing, registration and/or more generally, any other marks are identical and/or similar to the “CLASSIC” and Mug Device trademarks under Class 30.

WHEREFORE, premises considered, the instant appeal is hereby DISMISSED. Let a copy of this Decision as well as the trademark application and records be furnished and returned to the Director of the Bureau of Legal Affairs for appropriate action. Further, let also the Director of the Bureau of Trademarks and the library of the Documentation, Information and Technology Transfer Bureau be furnished a copy of this Decision for information, guidance, and records purposes.

SO ORDERED.

AUG 13 2012 Taguig City


RICARDO R. BLANCAFLOR
Director General