



OFFICE OF THE DIRECTOR GENERAL

**SOCIETE DES PRODUITS  
NESTLE S. A.,**  
*Opposer-Appellant,*

-versus-

**SAN MIGUEL CORPORATION,**  
*Respondent-Appellee.*

Appeal No.14-2011-0003

Inter Partes Case No. 14-2007-00020

Opposition to:

Application No. 4-2005-005238

Date Filed: 07 June 2005

Trademark: SAN MIG COFFEE  
STRONG 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. 4-2005-005238 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 STRONG SUGAR FREE LABEL DESIGN” (“SAN MIG COFFEE STRONG SUGAR FREE & DESIGN”) for use on coffee under Class 30 of the Nice Classification<sup>1</sup>. 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” claiming that it will be damaged by the application and 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 STRONG SUGAR FREE & DESIGN;

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<sup>1</sup>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.

2. It first used in the Philippines the MUG DEVICE for coffee on 17 April 1980 which is much earlier than the date of first use by the Appellee of SAN MIG COFFEE STRONG SUGAR FREE & DESIGN;
3. 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 a mark owned by the Appellant, hence, SAN MIG COFFEE STRONG SUGAR FREE & DESIGN cannot be registered in the Philippines, especially for identical and similar goods;
4. MUG DEVICE or MUG RED has been used, promoted, and advertised for a considerable duration of time and over wide geographical areas; it has invested tremendous amount of resources in the advertisements and promotions of this mark and that "NESCAFE" products bearing the mark MUG DEVICE or MUG RED have a considerable share in the Philippine market;
5. The Appellee's mark nearly resembles in appearance MUG DEVICE as to be likely to deceive or cause confusion; the Appellee's mark is composed essentially of a "red orange mug filled with coffee" while a "red mug filled with coffee" had long been a source indicator of the Appellant's goods;
6. The Appellee in adopting SAN MIG COFFEE STRONG 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 the goods by the Appellant, for which the Appellee is liable for false designation of origin and false description or representation;
7. The goods covered by the marks of the parties are similar and identical which increases the likelihood of confusion as to the source of the products;
8. The Appellee appropriated SAN MIG COFFEE STRONG 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;
9. Notwithstanding that the Appellee disclaimed the exclusive use of "the picture of a mug filled with coffee", the Appellee's use of SAN

MIG COFFEE STRONG SUGAR FREE & DESIGN dilutes the distinctiveness of the Appellant's MUG DEVICE or MUG RED for coffee and weakens its protection and use, which would be contradictory to the trademark laws and regulations; and

10. In using the MUG DEVICE, the Appellee violated its agreement with the Appellant and the Appellant's licensee in the Philippines – Nestle Philippines, wherein the Appellee recognized the rights of the Appellant and Nestle Philippines in the MUG DEVICE.

The Appellee filed its “VERIFIED ANSWER (To Notice of Opposition)” on 24 May 2007 alleging the following:

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 STRONG 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 started using the SAN MIG COFFEE STRONG SUGAR FREE & DESIGN as early as 01 May 2005 and as a lawful exercise of its ownership over this mark, it, through SMSCC, has continuously and extensively used this mark to identify its coffee products in the Philippines;
6. There is no basis on the claim that its use of SAN MIG COFFEE STRONG 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 June 2005 and September 2006, respectively; the identity and popularity of its coffee products were further bolstered and reinforced by the consistent showing of these advertisements all over the country;
8. It applied for registration of its mark to formalize its exclusive ownership over this mark;
9. SAN MIG COFFEE STRONG 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 Appellant submitted the following evidence to support its opposition:

1. Quarterly Supplement of Nestle Family Balita, dated 15 June 1998;<sup>2</sup>
2. Trademark Application No. 4-2003-0004210;<sup>3</sup>
3. Declaration of Actual Use of MUG DEVICE;<sup>4</sup>
4. Cert. of Reg. No. 33402 for NESCAFE WITH MUG DEVICE ON JAR;<sup>5</sup>
5. Protection List;<sup>6</sup>
6. Sample labels and packages;<sup>7</sup>
7. CD-ROM;<sup>8</sup>
8. Copies of advertisements;<sup>9</sup>
9. A/C Nielsen Homepanel data;<sup>10</sup>
10. Printout from Business Week magazine;<sup>11</sup>

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<sup>2</sup> Exhibits "A" and "J".

<sup>3</sup> Exhibits "B" to "B-3".

<sup>4</sup> Exhibit "C".

<sup>5</sup> Exhibit "D".

<sup>6</sup> Exhibits "E" to "E-8".

<sup>7</sup> Exhibits "F" to "F-7".

<sup>8</sup> Exhibits "G" and "Q".

<sup>9</sup> Exhibits "G-1" to "G-16", "R", "R-1" to "R-11".

<sup>10</sup> Exhibit "H".

<sup>11</sup> Exhibits "I" to "I-1".

11. NESCAFE CLASSIC PACKAGING EVOLUTION 1938-1989;<sup>12</sup>
12. Copies of mug device;<sup>13</sup>
13. Appellee's trademark application as published in the Electronics Gazette for Trademarks;<sup>14</sup>
14. Agreement between the Appellant, Appellee and Nestle Philippines, Inc., dated 29 April 2005;<sup>15</sup>
15. Affidavit of Mabini L. Antonio (with annexes), executed on 12 January 2007;<sup>16</sup> and
16. Affidavit of Giselle Fatima Tiong Dee (with annexes), executed on 13 January 2007.<sup>17</sup>

On the other hand, the Appellee's evidence consists of samples of its products;<sup>18</sup> advertisements of these products;<sup>19</sup> and compact discs of its television commercials.<sup>20</sup>

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

On 06 December 2007, the Appellant filed a "MOTION FOR RECONSIDERATION" which was denied by the Director in Resolution No. 2010-17 (D), dated 14 December 2010. The Director held that the issues raised by the Appellant in the motion for reconsideration are mere rehash of those already passed upon by the Bureau of Legal Affairs.

Dissatisfied with the decision and resolution of the Director, the Appellant filed on 26 January 2011 a "NOTICE OF APPEAL WITH MEMORANDUM OF APPEAL". In the appeal, the Appellant asserts that SAN MIG COFFEE STRONG SUGAR FREE & DESIGN is confusingly similar to MUG DEVICE and NESCAFE with MUG DEVICE ON JAR and that the Appellee violated the terms of their Agreement, dated 29 April 2005. The Appellant argues that the international popularity of MUG DEVICE increases the likelihood that the public will mistakenly associate its products and business with those of the Appellee's.

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<sup>12</sup> Exhibit "K".

<sup>13</sup> Exhibits "L" to "L-6".

<sup>14</sup> Exhibit "M".

<sup>15</sup> Exhibit "N".

<sup>16</sup> Exhibits "O" to "O-3".

<sup>17</sup> Exhibits "P" and "P-1".

<sup>18</sup> Exhibit "1".

<sup>19</sup> Exhibits "2" to "6".

<sup>20</sup> Exhibits "7" and "8".

The Appellee filed its “COMMENT to the Notice of Appeal with Memorandum of Appeal” on 14 March 2011 refuting the Appellant’s arguments and argues that its mark is not confusingly similar to the Appellant’s marks and that it did not violate its agreement with the Appellant as it is not using the same color (red) of a mug. The Appellee maintains that the Appellant’s claim that NESCAFE with MUG DEVICE ON JAR and MUG DEVICE are well-known marks has no basis in fact and in law and that the determination of whether these marks are well-known is immaterial considering that their marks are not confusingly similar.

Pursuant to Office Order No. 154, Series of 2010, Rules of Procedure for IPO Mediation Proceedings, this Office referred the case to mediation. On 28 May 2012, this Office received from the IPOP HL 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.

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 STRONG SUGAR FREE & DESIGN in favor of the Appellee.

Is SAN MIG COFFEE STRONG 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.<sup>21</sup> 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,<sup>22</sup> 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.<sup>23</sup>

The competing marks are reproduced below for comparison:



*Appellant’s marks*



*Appellee’s mark*

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<sup>21</sup> *Emerald Garment Manufacturing Corporation v. Court of Appeals*, 251 SCRA 600 (1995).

<sup>22</sup> *Esso Standard Eastern, Inc. v. Court of Appeals*, 116 SCRA 336 (1982).

<sup>23</sup> *Societe Des Produits Nestle, S.A., et. al v. Court of Appeals, et. al.*, G.R. No. 112012, 04 April 2001.

This Office agrees with the Director that the Appellant's and Appellee's marks are not confusingly similar.

The prevalent feature in the MUG DEVICE of the Appellant is the picture of the red mug itself which is not even found in the Appellee's mark. In addition, in the mark NESCAFE with MUG DEVICE ON JAR, the word "NESCAFE" easily distinguishes the Appellant's mark. On the other hand, 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 "Strong" 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 trademark application reveals that the other features of the Appellee's mark like the words "coffee", "strong" and "sugar free" and the picture of a mug filled with coffee were disclaimed by the Appellee. Accordingly, the Appellee is not seeking the exclusive use of these disclaimed words and picture. Hence, SAN MIG COFFEE STRONG SUGAR FREE & DESIGN can be registered in favor of the Appellee.

In addition, 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:

Comparing the two dominant features of the competing trademarks "NESCAFE" for the Opposer and "SAN MIG" for the Respondent-Applicant, no confusing similarity exist between the two trademarks considering that both differ in composition, spelling and pronunciation as well. 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. 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 cups designs accompanying both marks are different in presentation. The "mug" device contained in the Respondnet-Applicant's mark is red in color, filled with coffee but only half of the mug is shown with the word "STRONG" written on the mug, while the mug device contained in the Opposer's mark is the whole one cup with handle and likewise filled with coffee.<sup>24</sup>

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 competing marks.

There is also merit to the point raised by the Appellee that:

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<sup>24</sup> Decision No. 2007-151, dated 23 October 2007, pp. 4-5.


The penultimate purpose of a trademark is to distinguish one's product from another. Respondent-Appellee respectfully submits that a mug filled with coffee is a basic and direct depiction of coffee products. Hence, to allow Opposer-Appellant to exclusively appropriate for itself the use of a picture of mug filled with coffee defeats the core function of a trademark. A mug per se, without any other distinctive feature, does not automatically connote any exclusive association or sponsorship from Opposer-Appellant. Neither Opposer-Appellant nor Respondent-Appellee owns the representation of a mug.<sup>25</sup>

Regarding the alleged violation by the Appellee of its agreement<sup>26</sup> 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 STRONG SUGAR FREE & DESIGN can be registered in favor of the Appellee. Nevertheless, the provision of the agreement<sup>27</sup> 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 the lack of confusing similarity between the Appellant's and Appellee's marks, the Appellant's position has no leg to stand on.

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

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<sup>25</sup> COMMENT to the Notice of Appeal with Memorandum of Appeal, dated 11 March 2011, page 6.

<sup>26</sup> Agreement dated 29 April 2005.

<sup>27</sup> 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.