

**SOCIETE DES PRODUITS NESTLE S.A.,
and NESTLE PHILIPPINES, INC.,**
Opposer,

-versus-

MOONBAKE, INC.,
Respondent- Applicant.

IPC No. 14-2011-00115
Opposition to:
Appln. Serial No. 4-2009-02763
Date Filed: 18 March 2009
TM: "CHOCOLITOS"

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NOTICE OF DECISION

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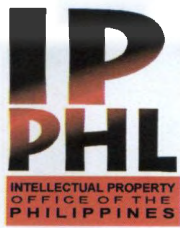
GREETINGS:

Please be informed that Decision No. 2016 - 492 dated December 23, 2016 (copy enclosed) was promulgated in the above entitled case.

Pursuant to Section 2, Rule 9 of the IPOP HL Memorandum Circular No. 16-007 series of 2016, any party may appeal the decision to the Director of the Bureau of Legal Affairs within ten (10) days after receipt of the decision together with the payment of applicable fees.

Taguig City, December 23, 2016.


MARILYN F. RETUTAL
IPRS IV
Bureau of Legal Affairs



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} **IPC NO. 14-2011-00115**

} Opposition to:

} Appln. Ser. No. 4-2009-02763

} Date Filed: 18 March 2009

} Trademark: **“CHOCOLITOS”**

x-----x } Decision No. 2016- **492**

DECISION

SOCIETE DES PRODUITS NESTLE S.A., (Opposer)¹ and NESTLE PHILIPPINES, INC., filed an opposition to Trademark Application Serial No. 4-2009-002763. The application, filed by MOONBAKE, INC. (Respondent-Applicant)², covers the mark “CHOCOLITOS”, for use on “milk and milk products namely chocolate flavored milk beverage” under Class 29 of the International Classification of Goods³.

The Opposer relies on the following grounds in support of its Opposition:

“1. Opposer is the first to adopt and use the ‘CHOCOLITOS’ trademark in the Philippines for goods under class 29 for Application No. 42009001519 filed on February 12, 2009, to wit: ‘vegetables and potatoes (preserved, frozen, dried or cooked), fruits (preserved, frozen, dried or cooked), meal, poultry, game, fish and seafood, all these products also in the form of extracts, soups, jellies, pastes, preserves, ready-made dishes, frozen or dehydrated, jams, eggs, milk, cream, butter, cheese and other food preparations having a base of milk, milk substitutes, milk-based beverages, milk based and cream based desserts, yoghurts, soya milk (milk substitute), soya based preparations for human food, non-dairy creamers, sausages; charcuterie; peanut butter; soups, soup concentrates, broth, stock cubes, bouillon, consommés.’

¹ A corporation organized and existing under the laws of Switzerland with address at Vevey, Switzerland; A corporation organized under Philippine laws with address at Nestle Center, 31 Plaza Drive Rockwell Center, Makati City

² A domestic corporation with address at 14 Langka Street, Talon Las Pinas City/ 71-B KKK Bonded Warehouse, DBP Avenue, FTI Complex, Taguig City

³ The Nice Classification of Goods and Services is for registering trademarks and service marks based on multilateral treaty administered by the WIPO, called the Nice Agreement Concerning the International Classification of Goods and Services for Registration of Marks concluded in 1957.

1 **AB**

Opposer therefore has an interest in, and the right to exclude others from registering or using identical or confusingly similar marks such as Respondent-Applicant's trademark 'CHOCOLITOS' for goods falling under international class 29 under Rule 7, Section 1 (a) of the Regulations on Inter Partes Proceedings.

"2. There is a likelihood of confusion between Opposer's 'CHOCOLITO' trademark and Respondent-Applicant's trademark 'CHOCOLITOS' because Respondent-Applicant's 'CHOCOLITOS' so resembles Opposer's 'CHOCOLITO' trademark in terms of sound, sight and meaning as to be likely, when applied to or used in connection with the goods of Respondent-Applicant under class 29, causes confusion, mistake and deception on the part of the purchasing public as being a trademark owned by Opposer, hence, the Respondent-Applicant's CHOCOLITOS 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 'CHOCOLITOS' trademark for its products under class 29 will indicate a connection between its products and those of the Opposer's.

"3. The Opposer's 'CHOCOLITO' trademarks for goods falling under International Class 29 is 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 the trademark owned by the Opposer.

"4. Respondent-Applicant in applying for the registration of the mark 'CHOCOLITOS' for its goods under class 29, 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, or false description or representation under Section 169 of R.A. No. 8293.

"5. Respondent-Applicant's appropriation and use of the trademark 'CHOCOLITOS' under class 29 infringes upon the Opposer's right to use as owner of its 'CHOCOLITOS' trademark for goods under class 29, which is protected under R.A. 8293 particularly Section 147 thereof."

The Opposer also alleges:

"1. Opposer is the owner of the 'CHOCOLITO' trademarks and has adopted and used the said trademark on its milk products and promotional materials for said products. Opposer had filed an application for trademark registration for the 'CHOCOLITO' trademark in the Philippines under Application No. 4-2009-001519 which is still valid and in force in the Philippines. xxx

"2. There is a likelihood of confusing similarity between Opposer's 'CHOCOLITO' trademark and Respondent-Applicant's mark 'CHOCOLITOS'.xxx



“3. The Opposer’s ‘CHOCOLITOS’ trademark is well-known. In a relatively brief amount of time it has adopted, the ‘CHOCOLITO’ trademark which Opposer herein originated has become well-known.

The Opposer’s ‘CHOCOLITO’ trademark has been used, promoted and advertised over a wide geographical area. Opposer’s ‘CHOCOLITO’ trademark was first used in the Philippines beginning the third quarter of 2010. Xxx

“4. The use of Respondent-Applicant’s mark ‘CHOCOLITOS’ for goods in class 29 would indicate a connection with the goods in class 29 covered by Opposer’s ‘CHOCOLITO’ trademark hence, the interests of the Opposer are likely to be damaged.xxx”

To support its opposition, the Opposer submitted as evidence the following:

1. Copies of the trademark application of the Opposer’s mark “CHOCOLITO” and the Respondent-Applicant’s mark “CHOCOLITOS”;
2. Copies of advertising materials, trade executions and television advertisements; and
3. Affidavit –testimony of Dennis Jose R. Barot dated 31 March 2011⁴

The Respondent-Applicant filed its Answer on 29 November 2011, alleging among other things, the following affirmative and special defenses:

“3.1. Moonbake is the owner of the trademark CHOCOLITOS. It was the first to adopt the trademark. Its adoption and use of CHOCOLITOS trademark dates back in 2004.

“3.2. For the last 17 years, Moonbake has been creating, manufacturing and distributing food products of both plant and animal origin, such as fresh and processed foods, organic, herbal and natural products. Moonbake also produces delicacies from ingredients such as eggs, milk, poultry, vegetables, jams and jellies to the delight of the local market. Some of its well-loved products include its CHOCOLITOS chocolate crinkles, YAMMEE UBE ube crinkles, BUKO PANDAN pandan crinkles and STRAWBERI Strawberry crinkles, milky cookies and other milk based goodies, Moon Dish Laing, Bicol Express, Kamansi and Puso ng Saging.

“3.3. In 1997, Moonbake became a corporation duly organized and existing under the laws of the Republic of the Philippines.

“3.4. In 2004, Moonbake adopted and developed its brand and trademark CHOCOLITOS as its special brand of chocolate crinkles and fudgy brownies. Since then, Moonbakes’s CHOCOLITOS has been consistently advertised, marketed and sold the same throughout the country. The consuming public has long identified and attributed the trademark CHOCOLITOS and its fine quality food product to Moonbake.

⁴ Exhibits “A” to “D” with submarkings

“3.5. In an effort to expand its CHOCOLITOS product line, Moonbake began in 2007 research and development for its intended milk and milk-based products that would complement its food products.xxx

“3.6. On 18 March 2010, Moonbake filed Trademark Application No. 4-2009-002763 for the mark ‘CHOCOLITOS’ under Nice Class for milk, milk products and other milk based goodies.xxx

“3.8. Moonbake is the registered owner of the CHOCOLITOS trademark. The Intellectual Property Office issued on 15 December 2005 a Certificate of Registration for the mark CHOCOLITO in favor of Moonbake under Registration No. 4-2005-001573 under Class 30.

“3.9. Being the registered owner of the CHOCOLITOS trademark, Moonbake has the exclusive right to prevent all third parties, including Opposer’s, not having its consent from using in the course of trade identical or similar signs or containers for goods or services which are identical or similar to those in respect of which its trademark is registered where such use would result in a likelihood of confusion, pursuant to Section 147.1. RA 8293.

“3.10. The consuming public would be confused as to the source as the goods of Moonbake and Opposer’s are closely related.

“3.11. The trademark CHOCOLITOS has long been identified Moonbake as the manufacturer of fine quality food products in the country.

“3.12. Opposer has deliberately failed to allege in their Verified Notice of Opposition that their application for the trademark registration of its mark ‘CHOCOLITO’ with Application No. 4-2009-001519 had long been REFUSED REGISTRATION by the Bureau of Trademarks. Thus, Opposer’s CHOCOLITO mark is not entitled to any rights of exclusivity under Sec. 147.1 of R.A. 8293.

“3.13. Opposer’s CHOCOLITO trademark is not well-known. Opposer’s claims are baseless and self-serving. Verily, Opposer’s are not entitled to the protection under Section 147.2 of R.A. 8293.

“3.14. Contrary to their claim, Opposer’s CHOCOLITO trademark will in fact deceive and cause confusion to the public to the prejudice and damage of Moonbake’s registered trademark. As stated above, the goods covered in the application are closely related to those under Moonbake’s registered mark CHOCOLITOS. Being food products, the goods share the same purpose and are distributed through the very same channels of distribution. It is noteworthy that that Moonbake has been using said mark for its Chocolate Crinkles, and its variants thereof and is currently developing related food products which are milk based for its CHOCOLITOS brand under Class 29, which will be introduced in the market soon.

“3.15. Moonbake’s application for trademark registration of its CHOCOLITOS mark under Class 29 for its intended goods is within the zone of natural expansion of its registered trademark. Hence, the same should be granted by this Honorable Bureau.

“3.16. In fact, it is Moonbake, not Opposers, that is being prejudiced and damaged by the continuous use of the mark CHOCOLITO by Opposers in the Philippine market. Such continuous use not only dilutes the distinctiveness of Moonbake’s registered trademark but infringes upon the its intellectual property rights. Opposer’s are exploiting the goodwill and popularity of Moonbakes CHOCOLITOS trademark.xxx”

The Respondent-Applicant submitted as evidence, the following:

1. Copy of Articles of Incorporation Sec. Reg. No. A199710773 of Moonbake, Inc.;
2. Copy of Amended Articles of Incorporation;
3. Copy of Certificate of Registration No. 4-2005-001573 of the mark “CHOCOLITOS” dated 16 December 2005, issued in the name of Moonbake, Inc. for goods under Class 30 namely: “Crinkles, lengua de gato, cakes, brownies”;
4. Print-out of status of trademark application of mark “CHOCOLITO”; and
5. Sworn Affidavit of Ana Renee D. Manrique dated 14 November 2011⁵

The Hearing Officer issued on 31 May 2012 a notice setting the Preliminary Conference on 9 July 2012. On 9 July 2012, the Preliminary Conference was reset to 7 August 2012. At the next hearing the Hearing Officer directed both parties to file their respective position papers. The Opposer filed its position paper on 12 October 2012.

Should the Respondent-Applicant be allowed to register the trademark CHOCOLITOS?

The essence of trademark registration is to give protection to the owners of trademarks. The function of a trademark is to point out distinctly the origin or ownership of the goods to which it is affixed; to secure to him who has been instrumental in bringing into the market a superior article of merchandise, the fruit of his industry and skill; to assure the public that they are procuring the genuine article; to prevent fraud and imposition; and to protect the manufacturer against substitution and sale of an inferior and different article as his product.⁶ Thus, Sec. 123.1 (d) of R. A. No. 8293, also known as The Intellectual Property Code of the Philippines (“IP Code”) provides that a mark cannot be registered if it is identical with a registered mark belonging to a different proprietor or a mark with an earlier filing or priority date, in respect of the same goods or services or closely related goods or services or if it nearly resembles such a mark as to be likely to deceive or cause confusion.

⁵ Exhibits “1” to “5” with submarkings

⁶ *Pribhdas J. Mirpuri v. Court of Appeals*, G. R. No. 114508, 19 November 1999.

Records show that at the time the Respondent-Applicant applied for registration of the mark "CHOCOLITOS", on 18 March 2009, the Opposer filed a trademark application for its mark "CHOCOLITO" on 12 February 2009.

The competing marks are reproduced below:

Opposer's mark

Respondent-Applicant's mark

CHOCOLITO

CHOCOLITOS

Upon observation of the subject trademarks, it is readily apparent that both marks are identical in the use of the word CHOCOLITO, differing only in that Respondent-Applicant added the last letter "S", hence, CHOCOLITOS. It is noteworthy that the Respondent-Applicant has in its favor, a Certificate of Registration No. 4-2009-001573⁷ issued way back in 16 December 2005, for the mark "CHOCOLITOS", used for goods under Class 29, namely "Crinkles, Lengua de gato, cakes, brownies". Respondent-Applicant's current application for the same mark for goods under class 30, namely "vegetables and potatoes (preserved, frozen, dried or cooked), fruits (preserved, frozen, dried or cooked), meal, poultry, game, fish and seafood, all these products also in the form of extracts, soups, jellies, pastes, preserves, ready-made dishes, frozen or dehydrated, jams, eggs, milk, cream, butter, cheese and other food preparations having a base of milk, milk substitutes, milk-based beverages, milk based and cream based desserts, yoghurts, soya milk (milk substitute), soya based preparations for human food, non-dairy creamers, sausages; charcuterie; peanut butter; soups, soup concentrates, broth, stock cubes, bouillon, consommés." is within the zone of the normal, logical and natural expansion of business of the Respondent-Applicant, considering that the goods under Classes 29 and 30 are similar/related are food products.

The evidence show that the Opposer filed an application for the trademark "CHOCOLITO" as seen from a print-out⁸ of the IPO website on February 12, 2009 which was "refused registration". The refusal could be on account of the fact that Respondent-Applicant has already secured a registration for the mark "CHOCOLITOS" on 16 December 2005. Its witness, Ana Renee Manrique attested in her Affidavit⁹ dated 14 November 2011, that Opposer, Nestle Philippines, through Regional Intellectual Property Adviser, approached her to discuss the possibility of co-branding or co-existence of their marks. The Bureau lends credence to the Respondent-Applicant's supposition that it has a better right to the mark CHOCOLITOS as the mark has been used by the Respondent-Applicant in fresh and processed foods, particularly its CHOCOLITOS chocolate crinkles, milky cookies and other milk based goodies.

Being the prior user, adopter and registered owner of the mark CHOCOLITOS applied to goods under class 30, it has a better right over Opposer's trademark application for the mark CHOCOLITO. Given that the Respondent-Applicant's registration of the

⁷ Exhibit "3"

⁸ Exhibit "4"

⁹ Exhibit "5"

mark CHOCOLITOS preceded Opposer's application and is applied on similar and related goods, there is a likelihood of confusion.


The Supreme Court in *Sta. Ana v. Maliwat*¹⁰ held:

Modern law recognizes that the protection to which the owner of a trademark is entitled is 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 tradename is likely to lead to a confusion of source, as where the prospective purchasers would be misled into thinking that the complaining party has extended his business into the field (see 148 ALR et seq. 52 Am Jur 576) or is it any way connected with the activities of the infringer; or when it forestalls the normal expansion of his business (v. 148 ALR, 77; 84 52 Am Jur 576, 577).

WHEREFORE, premises considered, the instant Opposition to Trademark Application No. 4-2009-002763 is hereby **DISMISSED**. Let the filewrapper of the subject trademark be returned, together with a copy of this Decision, to the Bureau of Trademarks for information and appropriate action.

SO ORDERED.

Taguig City, 23 DEC 2016


ATTY. ADORACION U, ZARE, LL.M.
Adjudication Officer
Bureau of Legal Affairs

¹⁰G.R. No. L- 23023, 31 August 1968