Republic of the Philippines
Department of Trade and Indusry
INTELLECTUAL PROPERTY OFFICE
BUREAU OF LEGAL AFFAIRS
361 Sen. Gil J. Puyat Avenue,
Makati City

SOCIETE DES PRODUITS NESTLE S. A., Opposer,

-versus-

NUTRITIONAL DIETETIC CORPORATION., Respondent-Applicant.

x - x

INTER PARTES CASE NO. 3076
Opposition to:

Application Serial No. : 54464
Filed : 15 August 1984
Trademark : **"NEOLAC"**
Used On : Infant Formula

DECISION NO. 98 - 44

DECISION

NUTRITIONAL DIETETIC CORPORATION filed an application for the registration of its trademark " NEOLAC" used on infant formula" on August 15, 1984 with Application Serial No. 54464 which was published for OPPOSITION in the Official Gazette of the then Bureau of Patents, Trademarks and Technology Transfer Vol. I No. 2 p. 29, officially released for circulation on April 8, 1988.

In accordance with the said publication, the herein Opposer, ***SOCIETE DES PRODUITS NESTLE S. A.***, a foreign corporation organized under the laws of Vevey, Switzerland, believing that it will be damaged by the registration of the said trademark, filed its ***UNVERIFIED*** and ***VERIFIED NOTICE OF OPPOSITION***, on 03 May 1988 & 23 June 1998, respectively, on the ground that:

> ***"THE REGISTRATION OF THE MARK "NEOLAC" IN THE NAME OF RESPONDENT-APPLICANT IS PROSCRIBED BY SEC. 4(d) OF REPUBLIC ACT NO. 166, AS AMENDED."***

Opposer relied on the following facts to support its opposition:

> "1. The mark "NEOLAC" as used on infant formula which is in Class 5, is confusingly similar to the trademark "NESLAC" of Opposer, which is registered in the Philippine Patent Office (now Bureau of Patents,

Trademarks and Technology Transfer) under Certificate of Registration No. 25745 issued on March 21, 1978 which Opposer owns. Said registration is now in full force and effect.

"2. Opposer is the prior user in commerce in the Philippines, of the trademark "NESLAC" on milk, sterilized milk, evaporated milk, condensed milk, milk in powder form, yogurt, cream, butter, cheese; edible fats and oils; dietetic flour and meal; vegetables and fruits, vegetables preserves, fruit preserves; meat and meat extracts, instant foods and preserves, soup preparations, sauces, flavourings, condiments, spices; eggs, pasta products; cocoa, chocolate, candies and sweets, confectionery and pastry; fruit juices, refreshing beverages; tea and tea extracts, coffee and coffee extracts, coffee substitutes; dietetic foods for infants and invalids, tonic dietetic foods in classes 5, 29 and 32 since 1975, which is long prior to the alleged use by respondent-applicant on September 28, 1983 of its mark "NEOLAC."

"3. The use by respondent-applicant of the mark "NEOLAC" and its registration thereof in its name, would likely cause confusion in the trade, or mistake or to deceive purchaser. Such use by respondent-applicant would also falsely suggest to the purchasing public a connection with the business of the Opposer, or that the goods of respondent-applicant might be mistaken as having originated from the Opposer.

"4. Opposer is also the registered owner of the trademark "NESLAC" in Switzerland under Registration No. 166, 317 dated July 6, 1957 which is now in full force and effect."

A Notice To Answer dated 27 June 1988 was sent to the Respondent-Applicant requiring it to file Answer to the said Verified Notice of Opposition within fifteen (15) days from receipt thereof. An extension of fifteen (15) days from July 20, 1988 within which to tile its ANSWER was requested and was granted by this Office in its Order No. 88 - 271 dated July 27, 1988. Another extension was requested and granted per this Office Order No. 88 - 294 dated August 10, 1988.

Respondent-Applicant filed its ANSWER on August 11, 1988 where it denied all the material allegations in the Opposition and interposed its special defenses as follows:

> "1. The marks "NEOLAC" and "NESLAC" are not "confusingly similar."
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> For one thing, they are different in spelling, pronunciation and sound. Furthermore, the syllable NEO in NEOLAC means new (or infant) while the syllable LAC is derived from the word lactate (to secrete milk).
>
> The syllable NES in NESLAC is obviously derived from the word Nestle and could not mean new (or infant).
>
> "Confusion is likely between trade marks only if their overall presentations in any of the particulars of sounds, appearance, or meaning are such as would lead the purchasing public into believing that the products to which the marks are applied emanated from the same source." (Etepha vs. Director of Patents, L-20635, March 31, 1986, 16 SCRA 495)."
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> There are other milk products being sold in the open market carrying the syllable lac such as Similac, Lactogen , and others, but the owners of these marks never questioned respondent's use of the mark NEOLAC, and the Patent's Office duly registered said marks, and therefore, they are not proscribed by Sec. 4(d) of Republic Act No. 166, as amended.
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> "2. The marks "NEOLAC" and "NESLAC" are clearly different from each other. The likelihood of causing confusion, mistaking one for the other, or deceiving purchasers is not possible.
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> The trademark applied for registration by respondent-applicant does not infringe the alleged trademark of opposer under the criteria set by Section 22 of Republic Act No. 166 as amended, on infringement of trademarks. Neither could there be unfair competition under Section 29 of the same law.

"3. For the reasons mentioned above, the registration of the mark "NEOLAC" in the name of respondent-applicant is not proscribed by Sec. 4 (d) of Republic Act. No. 166, as amended, contrary to Opposer's claim.

"4. Opposer is now barred from alleging "confusing similarity" between the marks "NEOLAC" and "NESLAC" and requesting for the denial of the former's registration in respondent's name because it is guilty of laches.

"Respondent-applicant has been using its trade mark "NEOLAC" on its products for more than three (3) years already, and has continuously conducted its business peacefully until lately when it received a copy of Opposer's opposition to its application for the registration of said mark in its name after respondent had already spent and invested substantial amount of money to popularize said name in the market.

"Under the circumstances and the jurisprudence on the matter, opposer is now estopped from claiming "confusing similarity" between the above-mentioned two marks, and more so, from requesting that respondent's application for registration be denied. Opposer has lost whatever rights it might had to oppose respondent's application."

The issues having been joined, the case was set for Pre-Trial Conference on 04 February 1994 and finally pushed through on 19 July 1994, where the herein parties submitted their respective pre-trial brief. Failing to reach an amicable settlement, trial on the merits proceed where the parties adduced their respective testimonial and documentary evidences and together with their respective memoranda, submitted the case for decision.

The issue to be resolved in this case is WHETHER OR NOT RESPONDENT - APPLICANT'S TRADEMARK " NEOLAC" IS CONFUSINGLY SIMILAR WITH THAT OF OPPOSER'S TRADEMARK " NESLAC. "

With the enactment of R.A. 8293, otherwise known as the "Intellectual Property Code of the Philippines" which took effect on January 01, 1998, the application for the registration of the mark "NEOLAC" should have been prosecuted under the new law (R.A. 8293).

However, this Office takes cognizance of the fact that the herein Application Serial No. 54464 was filed on 15 August 1984 when the new law was not yet in force. Section 235.2 of R. A. 8293, provides, inter alia that: " All applications for registration of marks or trade names pending in the Bureau of patents, Trademarks and Technology Transfer at the effective date of this Act may be amended, if practicable to bring them under the provision of this Act. xxx. If such amendment are not made, the prosecution of said application shall be PROCEEDED WITH and registration thereon granted in accordance with the ACTS UNDER WHICH SAID APPLICATION WERE FILED AND SAID ACTS HEREBY CONTINUED IN FORCE TO THIS EXTENT ONLY NOTWITHSTANDING THE FOREGOING REPEAL THEREOF.

Considering however, that this application subject of opposition proceedings is now for resolution, thereby rendering impractical to so amend it in conformity with R.A. 8293 without adversely affecting rights already acquired prior to the effectivity of the new law (Sec. 236, supra), this Office undertakes to resolve the case under the former law, R. A. 166 as amended, particularly Section 4 (d), which provides :

> "SEC. 4. ***<u>Registration of trade marks, trade names and service mark on the principal register.</u> -There is hereby established a register of trade marks, trade names and service marks which shall be known as the principal register. The owner of a trade mark, trade name or service mark used to distinguish his goods, business or service from the goods , business or service of others shall have the right to register the same on the principal register unless it:***
>
> **xxx**
>
> ***(d)Consists of or <u>comprises a mark or tradename which so resembles a mark or tradename registered in the Philippines or a mark or tradename previously used in the Philippines by another and not abandoned, as to be likely, when applied to or used in connection with the goods, business or services of the applicant, to cause confusion or mistake or to deceive consumers."</u>***
>
> (underscoring provided)

Interpreting the above-quoted provision, the Supreme Court said:

> "Whether or not a trademark causes confusion and is likely to deceive the public is a question of fact which is to be resolved by applying the "TEST OF DOMINANCY", meaning, <u>if the competing trademark contains the main or essential or dominant features of another</u> by reason of which confusion and deception

are likely to result, xxx" **(Phil. Nut., Industry, Inc. vs. Standard Brands Inc. 65 SCRA 575)**

In the case at bar, the Respondent-Applicant's mark "NEOLAC" (Exh."3") is similar as to sound, appearance, spelling to Opposer's trademark "NESLAC" (Exh. "B-1), (except for the letters "O" and "S"). ***This is compounded by the fact that the goods upon which the contending marks are used are likewise similar which is infant milk. (Exh. "2" and Exh. "B-2").***

In the case of **American Wire and Cable Co., vs. Director of Patents, 31 SCRA 544, pp. 548-580**, the Supreme Court held:

> "In fact, even their similarity in sound is taken into consideration. Where the marks refer to merchandise of the same descriptive properties, for the reason that trade idem sonans constitute a violation of trade mark. Thus, in the case of **Marvex Commercial Co. vs. Hawpia & Co.**, the registration of the trademark "Lionpas" for medicated plaster was denied for being confusingly similar in sound with "Salompas", a registered mark also for medicated plaster.
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> x x x
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> "Along the same line are the rulings denying registration of a mark containing the picture of a fish (Bangus), as label for soy sauce, for being similar to another registered brand of soy sauce that bears the picture of the fish carp; or that of the mark bearing the picture of two rooster with the word "Bantam", as label for food seasoning (vetsin), which would confuse the purchasers of the same article bearing the registered mark "Hen Brand" that features the picture of a hen.
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> The present case is governed by the principles laid down in the preceding cases. The similarity between the 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 only in two out of the eight literal elements of the designations. Coupled with the fact that both marks over insulated flexible wires under class 20; that both products are contained in boxes of the same material, color, shape and size; that the dominant elements of the front designs are a red circle and a diagonal zigzag commonly related to a spark or flash of electricity; that the back of both boxes show

similar circles of broken lines with arrows at the center pointing outward, with the identical legend "Cut Out Ring" "Draw From Inside Circle", <u>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."</u>

In another case, Chuanchow Soy & Canning Co. vs. Director of Patents, 108 Phil. 833, [1960], the Supreme Court once and again, in effect, strengthened the trademark law particularly Sec 4(d) quoted above, to wit:

"When as in the present case one applies for the registration of a trademark or label which is almost the same or very closely resembles one already used and registered by another, the application should be rejected or dismissed outright, even without opposition on the part of the owner and user of a previously registered label or trademark, this is ***<u>not only to avoid confusion on the part of the public, but also to protect an already used and registered trademark and an established goodwill.</u>*** There should be no halfway measures, as was done in this case by the ruling examiner who directed the respondent to amend or modify the label or trademark she sought to register by eliminating some portions thereof."

"The Director of Patents should as much as possible discourage all attempts at imitation on labels already used and registered, as already stated, to avoid confusion, to protect the public from purchasing the wrong article or brand and also to give protection to those who have established goodwill, reputation and name in the manufacture and sale of their products by means of a label of long standing and use and duly registered."

In the case of **Del Monte Corporation vs. Court of Appeals, 181 SCRA 410**, the Supreme Court said:

"The question is not whether the two articles are distinguishable by their label when set side by side but whether the general confusion made by the article upon the eye of the casual purchaser who is unsuspicious and off his guard, is such as to likely result in his confounding it with the original. As observed in several cases, <u>the general impression of the ordinary</u>

purchaser, buying under the normally prevalent conditions in trade and giving the attention such purchasers usually give in buying that class of goods is the touchstone."

xxx

"xxx. The judge must also be aware of the fact that usually a defendant in cases of infringement does not normally copy but makes only colorable changes. Well has it been said that the most successful form of copying is to employ enough points of similarity to confuse the public with enough points of difference to confuse the courts."

xxx

"As previously stated, the person who infringes a trade mark (herein Respondent-Registrant) does (did) not (normally) copy out but only makes (made) colorable changes, employing enough points of similarity to confuse the public with enough points of differences to confuse the courts. What is undeniable is the fact that when a manufacturer prepares to package his product, he has before him a boundless choice of words, phrases, colors and symbols sufficient to distinguish his product from the others. xxx"

In the light of the above-quoted provisions of the Trademark Law and jurisprudence, there is no doubt that confusing similarity exists between the two marks.

The issue now boils down to as to WHO BETWEEN THE PARTIES IS THE PRIOR ADOPTER AND USER OF THE SUBJECT MARK.

Opposer is the registered owner of the trademark "NESLAC" in Switzerland under Registration No. 166, 317 dated July 6, 1977 (Exh. "A-1") and also the prior owner in commerce in the Philippines, of the trademark "NESLAC" on milk, sterilized milk, evaporated milk, condensed milk, milk in powder form, yogurt, cream, butter, cheese; edible fats and oils; dietetic flour and meal; vegetables and fruits, vegetables preserves, fruit preserves; meat and meat extracts, instant foods and preserves, soup preparations, sauces, flavourings, condiments, spices; eggs, pasta products; cocoa, chocolate, candies and sweets, confectionery and pastry; fruit juices, refreshing beverages; tea and tea extracts, coffee and coffee extracts, coffee substitutes; dietetic foods for infants and invalids, tonic dietetic foods in classes 5, 29 and 32 since 1975, (Exh. "B-1") which is long prior to the

alleged use by respondent-applicant on September 28, 1983 of its mark "NEOLAC," (Exh. "4"). Undoubtedly, Opposer is the prior user and therefore, the owner of the mark "NESLAC".

WHEREFORE, premises considered, the NOTICE OF OPPOSITION is hereby SUSTAINED. Accordingly, Application Serial No. 54464 for the trademark "NEOLAC" for infant formula , filed on 15 August 1984 by NUTRITIONAL DIETETIC CORPORATION is, as it is hereby REJECTED.

Let the filewrapper of this case be forwarded to Administrative Financial and Human Resource Development Bureau for appropriate action in accordance with this Decision with a copy thereof furnished the Bureau of Trademark for information and update of its record.

SO ORDERED.

Makati City, December 27, 1998.

ESTRELLITA BELTRAN-ABELARDO
Caretaker/Officer-In-Charge

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