

## FIRST DIVISION

[ G.R. No. 166115, February 02, 2007 ]

### MCDONALD'S CORPORATION, PETITIONER, VS. MACJOY FASTFOOD CORPORATION, RESPONDENT.

#### D E C I S I O N

#### GARCIA, J.:

In this petition for review on certiorari under Rule 45 of the Rules of Court, herein petitioner McDonald's Corporation seeks the reversal and setting aside of the following issuances of the Court of Appeals (CA) in CA-G.R. SP No. 57247, to wit:

1. **Decision dated 29 July 2004**<sup>[1]</sup> reversing an earlier decision of the Intellectual Property Office (IPO) which rejected herein respondent MacJoy FastFood Corporation's application for registration of the trademark "MACJOY & DEVICE"; and
2. **Resolution dated 12 November 2004**<sup>[2]</sup> denying the petitioner's motion for reconsideration.

As culled from the record, the facts are as follows:

On 14 March 1991, respondent MacJoy Fastfood Corporation, a domestic corporation engaged in the sale of fast food products in Cebu City, filed with the then Bureau of Patents, Trademarks and Technology Transfer (BPTT), now the Intellectual Property Office (IPO), an application, thereat identified as Application Serial No. 75274, for the registration of the trademark "MACJOY & DEVICE" for fried chicken, chicken barbeque, burgers, fries, spaghetti, palabok, tacos, sandwiches, halo-halo and steaks under classes 29 and 30 of the International Classification of Goods.

Petitioner McDonald's Corporation, a corporation duly organized and existing under the laws of the State of Delaware, USA, filed a verified *Notice of Opposition*<sup>[3]</sup> against the respondent's application claiming that the trademark "MACJOY & DEVICE" so resembles its corporate logo, otherwise known as the Golden Arches or "M" design, and its marks "McDonalds," "McChicken," "MacFries," "BigMac," "McDo," "McSpaghetti," "McSnack," and "Mc," (hereinafter collectively known as the MCDONALD'S marks) such that when used on identical or related goods, the trademark applied for would confuse or deceive purchasers into believing that the goods originate from the same source or origin. Likewise, the petitioner alleged that the respondent's use and adoption in bad faith of the "MACJOY & DEVICE" mark would falsely tend to suggest a connection or affiliation with petitioner's restaurant services and food products, thus, constituting a fraud upon the general public and further cause the dilution of the distinctiveness of petitioner's registered and internationally recognized MCDONALD'S marks to its prejudice and irreparable damage. The application and the opposition thereto was docketed as *Inter Partes*

Respondent denied the aforementioned allegations of the petitioner and averred that it has used the mark "MACJOY" for the past many years in good faith and has spent considerable sums of money for said mark's extensive promotion in tri-media, especially in Cebu City where it has been doing business long before the petitioner opened its outlet thereat sometime in 1992; and that its use of said mark would not confuse affiliation with the petitioner's restaurant services and food products because of the differences in the design and detail of the two (2) marks.

In a decision<sup>[4]</sup> dated December 28, 1998, the IPO, ratiocinating that the predominance of the letter "M," and the prefixes "Mac/Mc" in both the "MACJOY" and the "MCDONALDS" marks lead to the conclusion that there is confusing similarity between them especially since both are used on almost the same products falling under classes 29 and 30 of the International Classification of Goods, i.e., food and ingredients of food, sustained the petitioner's opposition and rejected the respondent's application, viz:

**WHEREFORE**, the Opposition to the registration of the mark **MACJOY & DEVICE** for use in fried chicken and chicken barbecue, burgers, fries, spaghetti, palabok, tacos, sandwiches, halo-halo, and steaks is, as it is hereby, **SUSTAINED**. Accordingly, Application Serial No. 75274 of the herein Respondent-Applicant is **REJECTED**.

Let the filewrapper of MACJOY subject matter of this case be sent to the Administrative, Financial and Human Resources Development Bureau for appropriate action in accordance with this Decision, with a copy to be furnished the Bureau of Trademarks for information and to update its record.

SO ORDERED.

In time, the respondent moved for a reconsideration but the IPO denied the motion in its Order<sup>[5]</sup> of January 14, 2000.

Therefrom, the respondent went to the CA *via* a Petition for Review with prayer for Preliminary Injunction<sup>[6]</sup> under Rule 43 of the Rules of Court, whereat its appellate recourse was docketed as *CA-G.R. SP No. 57247*.

Finding no confusing similarity between the marks "MACJOY" and "MCDONALD'S," the CA, in its herein assailed **Decision<sup>[7]</sup> dated July 29, 2004**, reversed and set aside the appealed IPO decision and order, thus:

WHEREFORE, in view of the foregoing, judgment is hereby rendered by us REVERSING and SETTING ASIDE the Decision of the IPO dated 28 December 1998 and its Order dated 14 January 2000 and ORDERING the IPO to give due course to petitioner's Application Serial No. 75274.

SO ORDERED.

Explains the CA in its decision:

xxx, it is clear that the IPO brushed aside and rendered useless the glaring and drastic differences and variations in style of the two trademarks and even decreed that these pronounced differences are "miniscule" and considered them to have been "overshadowed by the appearance of the predominant features" such as "M," "Mc," and "Mac" appearing in both MCDONALD'S and MACJOY marks. Instead of taking into account these differences, the IPO unreasonably shrugged off these differences in the device, letters and marks in the trademark sought to be registered. The IPO brushed aside and ignored the following irrefutable facts and circumstances showing differences between the marks of MACJOY and MCDONALD'S. They are, as averred by the petitioner [now respondent]:

1. The word "MacJoy" is written in round script while the word "McDonald's" is written in single stroke gothic;
2. The word "MacJoy" comes with the picture of a chicken head with cap and bowtie and wings sprouting on both sides, while the word "McDonald's" comes with an arches "M" in gold colors, and absolutely without any picture of a chicken;
3. The word "MacJoy" is set in deep pink and white color scheme while "McDonald's" is written in red, yellow and black color combination;
4. The façade of the respective stores of the parties are entirely different. Exhibits 1 and 1-A, show that [respondent's] restaurant is set also in the same bold, brilliant and noticeable color scheme as that of its wrappers, containers, cups, etc., while [petitioner's] restaurant is in yellow and red colors, and with the mascot of "Ronald McDonald" being prominently displayed therein." (Words in brackets supplied.)

Petitioner promptly filed a motion for reconsideration. However, in its similarly challenged **Resolution<sup>[8]</sup> of November 12, 2004**, the CA denied the motion, as it further held:

Whether a mark or label of a competitor resembles another is to be determined by an inspection of the points of difference and resemblance as a whole, and not merely the points of resemblance. The articles and trademarks employed and used by the [respondent] Macjoy Fastfood Corporation are so different and distinct as to preclude any probability or likelihood of confusion or deception on the part of the public to the injury of the trade or business of the [petitioner] McDonald's Corporation. The "Macjoy & Device" mark is dissimilar in color, design, spelling, size, concept and appearance to the McDonald's marks. (Words in brackets supplied.)

Hence, the petitioner's present recourse on the following grounds:

I.

THE COURT OF APPEALS ERRED IN RULING THAT RESPONDENT'S "MACJOY & DEVICE" MARK IS NOT CONFUSINGLY SIMILAR TO PETITIONER'S "McDONALD'S MARKS." IT FAILED TO CORRECTLY APPLY THE DOMINANCY TEST WHICH HAS BEEN CONSISTENTLY APPLIED BY THIS HONORABLE COURT IN DETERMINING THE EXISTENCE OF CONFUSING SIMILARITY BETWEEN COMPETING MARKS.

- A. The McDonald's Marks belong to a well-known and established "family of marks" distinguished by the use of the prefix "Mc" and/or "Mac" and the corporate "M" logo design.
- B. The prefix "Mc" and/or "Mac" is the dominant portion of both Petitioner's McDonald's Marks and the Respondent's "Macjoy & Device" mark. As such, the marks are confusingly similar under the Dominancy Test.
- C. Petitioner's McDonald's Marks are well-known and world-famous marks which must be protected under the Paris Convention.

## II.

THE COURT OF APPEALS ERRED IN RULING THAT THE DECISION OF THE IPO DATED 28 DECEMBER 1998 AND ITS ORDER DATED 14 JANUARY 2000 WERE NOT BASED ON SUBSTANTIAL EVIDENCE.

In its Comment,<sup>[9]</sup> the respondent asserts that the petition should be dismissed outright for being procedurally defective: first, because the person who signed the certification against forum shopping in behalf of the petitioner was not specifically authorized to do so, and second, because the petition does not present a reviewable issue as what it challenges are the factual findings of the CA. In any event, the respondent insists that the CA committed no reversible error in finding no confusing similarity between the trademarks in question.

The petition is impressed with merit.

Contrary to respondent's claim, the petitioner's Managing Counsel, Sheila Lehr, was specifically authorized to sign on behalf of the petitioner the Verification and Certification<sup>[10]</sup> attached to the petition. As can be gleaned from the petitioner's Board of Director's Resolution dated December 5, 2002, as embodied in the Certificate of the Assistant Secretary dated December 21, 2004,<sup>[11]</sup> Sheila Lehr was one of those authorized and empowered *"to execute and deliver for and on behalf of [the petitioner] all documents as may be required in connection with x x x the protection and maintenance of any foreign patents, trademarks, trade-names, and copyrights owned now or hereafter by [the petitioner], including, but not limited to, x x x documents required to institute opposition or cancellation proceedings against conflicting trademarks, and to do such other acts and things and to execute such other documents as may be necessary and appropriate to effect and carry out the intent of this resolution."* Indeed, the afore-stated authority given to Lehr necessarily includes the authority to execute and sign the mandatorily required

certification of non-forum shopping to support the instant petition for review which stemmed from the "*opposition proceedings*" lodged by the petitioner before the IPO. Considering that the person who executed and signed the certification against forum shopping has the authority to do so, the petition, therefore, is not procedurally defective.

As regards the respondent's argument that the petition raises only questions of fact which are not proper in a petition for review, suffice it to say that the contradictory findings of the IPO and the CA constrain us to give due course to the petition, this being one of the recognized exceptions to Section 1, Rule 45 of the Rules of Court. True, this Court is not the proper venue to consider factual issues as it is not a trier of facts.<sup>[12]</sup> Nevertheless, when the factual findings of the appellate court are mistaken, absurd, speculative, conjectural, conflicting, tainted with grave abuse of discretion, or contrary to the findings culled by the court of origin,<sup>[13]</sup> as here, this Court will review them.

The old Trademark Law, Republic Act (R.A.) No. 166, as amended, defines a "trademark" as any distinctive word, name, symbol, emblem, sign, or device, or any combination thereof adopted and used by a manufacturer or merchant on his goods to identify and distinguish them from those manufactured, sold, or dealt in by others.<sup>[14]</sup>

Under the same law, the registration of a trademark is subject to the provisions of Section 4 thereof, paragraph (d) of which is pertinent to this case. The provision reads:

Section 4. *Registration of trademarks, trade-names and service-marks on the principal register.* - There is hereby established a register of trademarks, tradenames and service-marks which shall be known as the principal register. The owner of the trade-mark, trade-name or service-mark used to distinguish his goods, business or services of others shall have the right to register the same on the principal register, unless it:

xxx    xxx    xxx

(d) Consists of or comprises a mark or trade-name which so resembles a mark or trade-name registered in the Philippines or a mark or trade-name 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 purchasers;

xxx    xxx    xxx

Essentially, the issue here is whether there is a confusing similarity between the MCDONALD'S marks of the petitioner and the respondent's "MACJOY & DEVICE" trademark when applied to Classes 29 and 30 of the International Classification of Goods, i.e., food and ingredients of food.

In determining similarity and likelihood of confusion, jurisprudence has developed two tests, the *dominancy test* and the *holistic test*.<sup>[15]</sup> The dominancy test focuses