

Title: McDonald's Corporation and McGeorge Food Industries, Inc. v. L.C. Big Mak Burger, Inc., et al.

Facts:

McDonald's Corporation, a Delaware-based company, owns the "Big Mac" trademark for its double-decker sandwich, which it registered in the Philippines based on a U.S. Home Registration. In 1981, McDonald's introduced the "Big Mac" in the Philippines and has since spent significantly on advertising. McGeorge Food Industries is McDonald's Philippine franchisee.

L.C. Big Mak Burger, Inc., a domestic company, operates fast-food outlets selling various items, including hamburgers dubbed "Big Mak". Its incorporators, the Dy family and others, applied to register "Big Mak" in the Philippines. McDonald's opposed this, asserting exclusive rights over "Big Mac" and informed respondent Francis Dy, chairman of the Board of Directors of L.C. Big Mak Burger, Inc., to desist from using similar marks.

Receiving no response, McDonald's and McGeorge sued for trademark infringement and unfair competition. A Temporary Restraining Order and later a writ of preliminary injunction were ordered against the respondents. Respondents argued their "Big Mak" did not constitute a colorable imitation and denied infringing or passing off their product as McDonald's. They also alluded to previous "Big Mac" registrations by other entities.

The Regional Trial Court (RTC) ruled in favor of McDonald's, finding L.C. Big Mak Burger, Inc. liable for trademark infringement and unfair competition. The Court of Appeals (CA), however, reversed this decision, declaring no liability for infringement or unfair competition on L.C. Big Mak Burger, Inc.'s part and ordered McDonald's to pay damages.

Issues:

1. Are the issues raised in the petition proper for a petition for review under Rule 45?
2. Did respondents use "Big Mak" as a trademark for their hamburger products, creating confusion with McDonald's "Big Mac" trademark?
3. Is L.C. Big Mak Burger, Inc. liable for trademark infringement and unfair competition?

Court's Decision:

The Supreme Court held the petition meritorious, set aside the CA's decision, reinstated the RTC's ruling, and found L.C. Big Mak Burger, Inc. liable for trademark infringement and unfair competition. The Court applied the dominancy test, focusing on the similarity of the dominant features of the trademarks, leading to consumer confusion. The Court observed

that “Big Mak” bears striking resemblance to “Big Mac” phonetically, in appearance, and in the product it represents. The Court also found respondents’ intent to deceive through the use of the similar mark.

Doctrine:

Trademark infringement occurs when a trademark’s colorable imitation is used that results in a likelihood of confusion. For unfair competition, the critical element is the likelihood of deceiving the public and defrauding a competitor due to the general appearance of the goods.

Class Notes:

- Trademark infringement involves the use of a colorable imitation of a registered trademark, without the owner’s consent, likely to confuse consumers.
- Unfair competition involves passing off one’s goods as those of another with an intention to deceive.
- The “dominancy test” is used to determine likelihood of confusion, focusing on the dominant, similar features of the trademarks.

Historical Background:

The case highlights trademark protection’s evolution in Philippine jurisprudence, reflecting the shift from the holistic test, which considers all factors affecting consumer perception, to the dominancy test, which zeros in on the similarities in the dominant features of competing marks. The decision also underscores the globalization of brands and the protection of internationally recognized trademarks from local imitations or infringements.

[No other comments before or after the brief]