

****Title:**** San Miguel Corporation v. Asia Brewery Inc.

****Facts:****

On September 15, 1988, San Miguel Corporation (SMC) filed a case against Asia Brewery Inc. (ABI) for infringement of trademark and unfair competition, due to ABI's "BEER PALE PILSEN" product competing in the market with SMC's "SAN MIGUEL PALE PILSEN." The complaint was filed in the Regional Trial Court (RTC) in Pasig, Metro Manila—Civ. Case No. 56390. SMC alleged that ABI's product's presentation was confusingly similar to its own, thereby misleading the public into believing that ABI's product was associated with or was SMC's.

The RTC, presided by Judge Jesus O. Bersamira, dismissed the complaint, ruling that ABI had not committed infringement or unfair competition against SMC. SMC appealed to the Court of Appeals (CA-G.R. CV No. 28104), which reversed the RTC's decision, finding ABI guilty of both charges. ABI filed a motion for reconsideration, resulting in a slight modification of the decision but affirming ABI's guilt. Subsequently, ABI appealed to the Supreme Court via a petition for certiorari.

****Issues:****

The core issue addressed by the Supreme Court was whether ABI's use of "BEER PALE PILSEN" infringed upon SMC's registered trademark, "San Miguel Pale Pilsen with Rectangular Hops and Malt Design," and whether ABI was guilty of unfair competition.

****Court's Decision:****

The Supreme Court granted ABI's petition for certiorari by a comprehensive examination of both products' trade dress and the likelihood of consumer confusion. Employing the "test of dominancy" rather than a side-by-side comparison, the Court concluded that the dominant feature of SMC's product was the name "San Miguel Pale Pilsen" and that the dominant feature of ABI's product was the name "Beer Pale Pilsen." Considering these and other factors, such as the placement of the manufacturers' names and the bottle design, the Court found no confusing similarity that would lead to consumer deception. Therefore, ABI neither infringed upon SMC's trademark nor committed unfair competition. The Court reinstated the RTC's ruling, dismissing SMC's complaint.

****Doctrine:****

Trademark infringement is determined by the "test of dominancy," and similarity in size, form, and color, while relevant, is not conclusive. If the competing trademark contains the

main or essential or dominant features of another and confusion is likely to result, infringement occurs. Additionally, factual findings of the Court of Appeals can be reviewed by the Supreme Court when they contradict those of the trial court and under specific exceptions to the general rule of finality of factual findings. Furthermore, generic or descriptive words cannot be appropriated for exclusive use as part of a trademark if they refer to the characteristics, qualities, or geographical origin of a product.

****Class Notes:****

- The “test of dominancy” is key in trademark infringement cases to determine the likelihood of confusion among consumers.
- Generic terms used in a mark (e.g., “pale pilsen”) cannot be claimed for exclusive use by a trademark registrant.
- Consumer deception is essential for a claim of unfair competition.
- Infringement claims require a holistic view of competing marks, not a dissected analysis of their components.
- Notable statutory provisions include Republic Act No. 166 (Trademark Law).

****Historical Background:****

The legal battle between SMC and ABI took place against a backdrop of intense competition in the Philippine beer market. SMC, a company with a longstanding history and dominance in the local beer industry, sought to protect its share of the market against newcomer ABI. This case exemplified the challenges of balancing the rights of trademark holders with maintaining a competitive market, while also delineating the boundaries of fair competition and the protection of consumer interests. The Supreme Court’s ruling emphasized the importance of distinguishing features in products and reaffirmed the principle that descriptive or generic terms are non-proprietary and part of the public domain.