

Title:

McDonald's Corporation vs. MacJoy Fastfood Corporation: Trademark Infringement and the Dominancy Test

Facts:

This case involves a legal dispute over trademark registration between McDonald's Corporation, a well-established international fast-food chain, and MacJoy Fastfood Corporation, a local fast-food entity in Cebu City, Philippines. MacJoy filed an application on March 14, 1991, for the registration of the trademark "MACJOY & DEVICE" for various food items under International Classification of Goods classes 29 and 30. McDonald's opposed MacJoy's application, claiming that "MACJOY & DEVICE" closely resembled its own trademarks, potentially causing confusion among consumers.

The Intellectual Property Office (IPO) initially rejected MacJoy's application, siding with McDonald's based on the similarity between the trademarks, particularly the use of the prefixes "Mac/Mc" and the overall product similarity. MacJoy appealed this decision to the Court of Appeals (CA), which reversed the IPO's decision, emphasizing the differences between the trademarks. McDonald's moved for reconsideration, but the CA upheld its initial decision, prompting McDonald's to appeal to the Supreme Court.

Issues:

1. Whether the Court of Appeals erred in applying the holistic test instead of the dominancy test in determining the confusing similarity between McDonald's and MacJoy's trademarks.
2. Whether the trademarks "McDonald's" and "MacJoy & Device" are confusingly similar under the dominancy test.
3. Whether McDonald's Corporation has a better claim of ownership over the questioned trademark.

Court's Decision:

The Supreme Court granted McDonald's petition, applying the dominancy test and emphasized the importance of focusing on the dominant features of competing trademarks. The Court ruled that the trademarks "McDonald's" and "MacJoy & Device" are confusingly similar, primarily because both incorporated the "Mc/Mac" prefix prominently, catered to the same product market, and could potentially cause consumer confusion.

Furthermore, the Court reiterated McDonald's well-established claim over the "Mc/Mac" prefix within the fast-food industry, backed by international trademark registrations

predating MacJoy's. Thus, the IPO's original decision to reject MacJoy's application for trademark registration was reinstated.

Doctrine:

This case reaffirmed the applicability of the dominance test over the holistic test in determining trademark infringement, especially when the competing marks are used on identical or closely related goods. The dominance test focuses on the similarity of the prevalent features of the competing trademarks that may cause confusion, rather than considering the marks in their entirety.

Class Notes:

- **Dominance Test vs. Holistic Test:** The dominance test concentrates on the dominant features of trademarks to determine potential confusion, while the holistic test considers the entirety of the marks and their impact on consumer perception.
- **Trademark Infringement:** Occurs when a trademark closely resembles another registered trademark in a way that may cause confusion among consumers about the source or origin of the goods.
- **International Classification of Goods:** A system used to classify goods and services for the purposes of trademark registration, essential for determining potential product overlap in infringement cases.

Historical Background:

This case underscores the importance of international agreements and conventions, such as the Paris Convention, in shaping domestic laws on intellectual property protection. It reflects the balance between safeguarding well-established international trademarks and considering the rights of local businesses to register trademarks that could potentially infringe on existing ones.