

**\*\*Title\*\*:** Societe des Produits Nestle, S.A. vs. Court of Appeals and CFC Corporation

**\*\*Facts\*\*:**

1. On January 18, 1984, CFC Corporation filed an application with the Bureau of Patents, Trademarks and Technology Transfer (BPTTT) to register the trademark “FLAVOR MASTER” for instant coffee.
2. The application was published in the BPTTT Official Gazette on July 18, 1988.
3. Societe Des Produits Nestle, S.A., a Swiss company, filed an unverified Notice of Opposition, arguing the similarity between “FLAVOR MASTER” and its trademarks “MASTER ROAST” and “MASTER BLEND”.
4. Nestle Philippines, Inc., a Philippine licensee of Societe Des Produits Nestle, filed a verified Notice of Opposition on the same grounds.
5. CFC Corporation contested the oppositions, affirming that their trademark “FLAVOR MASTER” was distinct and not confusingly similar to “MASTER ROAST” and “MASTER BLEND”, emphasizing different meanings, spellings, pronunciations, and visual differences in the labels.
6. On December 27, 1990, BPTTT denied CFC’s application.
7. CFC appealed to the Court of Appeals (CA-G.R. SP No. 24101) which reversed the BPTTT’s decision on September 23, 1993, and ordered the registration approval.
8. Nestle challenged the ruling in the Philippine Supreme Court through a Petition for Review.

**\*\*Issues\*\*:**

1. Whether the Court of Appeals erred in applying the “totality rule” instead of the “dominancy test.”
2. Whether the trademark “FLAVOR MASTER” is confusingly similar to “MASTER ROAST” and “MASTER BLEND” to the extent it would likely cause confusion or deceive purchasers.

**\*\*Court’s Decision\*\*:**

1. The Supreme Court favored the use of the “dominancy test” instead of the “totality rule” applied by the Court of Appeals. The dominancy test considers the dominant or prevalent features of the trademarks in question.
2. The Court held that an ordinary purchaser, who is generally undiscerning in the purchase of inexpensive and common household items like instant coffee, would likely focus on the dominant word “MASTER”.
3. The Supreme Court noted that Nestle had effectively imbued the word “MASTER” with a unique associative value through its extensive use in advertising and branding.

4. Therefore, the trademark “FLAVOR MASTER” was deemed likely to cause confusion or mistake in relation to “MASTER ROAST” and “MASTER BLEND.”

**\*\*Doctrine\*\*:**

- The “dominancy test” is crucial in trademark cases to assess the likelihood of confusion, focusing on the dominant features of competing trademarks.
- Legislative and jurisprudential emphasis lies on protecting the known and established trademarks against potential consumer deception.

**\*\*Class Notes\*\*:**

- **\*\*Trademark Law\*\***: Based on R.A. 166, Section 4(d), trademarks that might cause confusion or mistake or deceive purchasers when applied to or used in connection with goods, business, or services of others are not registrable.
- **\*\*Dominancy Test\*\***: Focuses on significant or prominent aspects of trademarks to determine confusing similarity (emphasized in the present case).
- **\*\*Holistic/Totality Test\*\***: Considers the overall impression of trademarks when compared side by side (held less appropriate for this case).
- **\*\*Consumer Protection\*\***: Reflects acknowledgment that trademarks are psychological inducements for purchasers and safeguards established marks’ commercial magnetism.

**\*\*Historical Background\*\*:**

- **\*\*Context\*\***: The emergence of brand competition in the instant coffee market highlights the vital role of trademark law in protecting established players from potential market dilution by newer entrants.
- Reflects broader trends in commercial branding post-1980s era in the globalized marketing environment where effective trademarks symbolize significant commercial value.