

When totality is not enough: abandoning the Holistic Test

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In the brand-conscious Filipino market, trademarks are the anchors which allow producers to hook consumers to the wares that are being peddled and, hopefully, to gain their loyalty. So when less astute entrepreneurs try to piggy-back on the goodwill created by more entrenched brands, affected producers need to rely on legal standards to determine if trademark infringement is being committed. Whether the Filipino consumer would likely be deceived or confused in choosing the right product is now a settled matter with the Supreme Court preferring the Dominancy Test over the Holistic (or Totality) Test in comparing similarly styled trademarks.

Tests of Confusion

The battle between which of the two tests should be used in determining the likelihood of confusion of trademarks has been going on for more than half a century. Justice Alejo Labrador in 1954 propounded in the case of *Co Tiong Sa vs. Director of Patents* that the Dominancy Test should be used in answering the question of similarity of T-shirt trademarks “FREEDOM” as against “FREEMAN”:

It has been consistently held that the question of infringement of a trademark is to be determined by the test of dominancy. 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 and deception is likely to result, infringement takes place.¹

About nine years later, the Supreme Court in *Mead Johnson & Co. v. N.V.J. Van Dorp, Ltd.*,² speaking through Justice Felix Angelo Bautista, ruled that conflicting trademarks should be seen in their entirety following the Holistic Test, thus allowing the registration of “ALASKA” mark over Mead Johnson’s “ALACTA”:

The trademarks in their entirety as they appear in the respective labels must also be considered in relation to the goods to which they are attached. The discerning eye of the observer must focus not only on the predominant words but also on the other features appearing in both labels in order that he may draw his conclusion whether one is confusingly similar to the other.

¹ 95 Phil. 1, 4 (24 May 1954), citing *G. Heilman Brewing Co. Vs. Independent Brewing Co.*, 191 F., 489, 495, citing *Eagle White Lead Co. Vs. Pflugh* (CC) 180 Fed. 579.

² G.R. No. L-17501, 27 April 1963, 7 SCRA 771.

Leg-to-leg

The clash of the two tests occurred when the High Tribunal decided the case of *Emerald Garment Manufacturing Corp. vs. Court of Appeals*. Justice Santiago Kapunan, while putting out the disclaimer that each trademark case should be decided on the factual circumstances, spoke on behalf of the Court and ruled in favor of using the Holistic Test in determining whether there is likelihood of confusion between the complaining mark “LEE” as against “STYLISTIC MR. LEE”, with both marks being used for clothing apparels, particularly denim jeans.

In justifying the use of the Holistic Test to resolve the issue of the conflicting marks in the same goods, Justice Kapunan said that Filipinos, as “ordinary purchasers” of jeans, are fastidious consumers:

The average Filipino consumer generally buys his jeans by brand. He does not ask the sales clerk for generic jeans but for, say, a Levis, Guess, Wrangler or even an Armani. He is, therefore, more or less knowledgeable and familiar with his preference and will not easily be distracted.³

In defining who the “ordinary purchaser” is, *Emerald Garment* relied on the 1921 case of *Dy Buncio vs. Tan Tiao Bok*, an unfair competition case over competing tea brands, which described such person as someone accustomed to buy, and therefore to some extent familiar with, the goods in question.⁴

Preference for Swiss coffee and American burgers

However, in *Societe Des Produits Nestlé, S.A. vs. Court of Appeals*,⁵ a 2001 case, the Tribunal explicitly junked the Holistic Test in favor of the Dominancy Test. Speaking through Justice Ynares-Santiago in indicating the confusion in the application of the local “FLAVOR MASTER” brand to the Swiss company’s “MASTER ROAST” and “MASTER BLEND,” the Court explained:

***The totality or holistic test is contrary to the elementary postulate of the law on trademarks and unfair competition that confusing similarity is to be determined on the basis of visual, aural, connotative comparisons and overall impressions engendered by the marks in controversy as they are encountered in the realities of the marketplace. The totality or holistic test only relies on visual comparison between two trademarks whereas the

³ G.R. No. 100098, 29 December 1995, 251 SCRA 600.

⁴ G.R. No. L-16397, 31 October 1921, 42 Phil. 190.

⁵ G.R. No. 112012, 4 April 2001, 356 SCRA 207.

dominancy test relies not only on the visual but also on the aural and connotative comparisons and overall impressions between the two trademarks.***

The Supreme Court then proceeded with the 2004 case of *McDonald's Corporation vs. L.C. Big Mak Burger* and minced no words in what should have been the final point on the judicial debate:

***Applying the dominancy test, the Court finds that respondents' use of the "Big Mak" mark results in likelihood of confusion. First, "Big Mak" sounds *exactly* the same as "Big Mac." Second, the first word in "Big Mak" is *exactly* the same as the first word in "Big Mac." Third, the first two letters in "Mak" are the same as the first two letters in "Mac." Fourth, the last letter in "Mak" while a "k" sounds the same as "c" when the word "Mak" is pronounced. Fifth, in Filipino, the letter "k" replaces "c" in spelling, thus "Caloocan" is spelled "Kalookan."

In short, aurally the two marks are the same, with the first word of *both* marks phonetically the same, and the second word of *both* marks also phonetically the same. Visually, the two marks have *both* two words and six letters, with the first word of *both* marks having the same letters and the second word having the same first two letters. In spelling, considering the Filipino language, even the last letters of *both* marks are the same.

Clearly, respondents have adopted in "Big Mak" not only the dominant but also almost all the features of "Big Mac." Applied to the same food product of hamburgers, the two marks will likely result in confusion in the public mind.***⁶

But the issue, it seems, is far from over.

A puff of smoke

Brief reliance on the Holistic Test and *Dy Buncio's* "ordinary purchaser" was again evident in comparing "MARK VII", "MARK TEN" and "LARK" cigarette brands of Philip Morris with "MARK" of Fortune Tobacco, with the local brand trumping the multinationals in 2006.⁷ In the *Philip Morris* case, which was penned by Justice Cancio Garcia, the Court said that even granting the Dominancy Test was used in looking at the competing marks, still there is no

⁶ G.R. No. 143993, 18 August 2004, 437 SCRA 10.

⁷ *Philip Morris, Inc. et al. vs. Fortune Tobacco Corporation*, G.R. No. 158589, 27 June 2006, 493 SCRA 333.

confusion because the marks themselves do not point out the origin or ownership of Philip Morris.

This notwithstanding that the Intellectual Property Code, which became effective in 1998, indicates a leaning towards the Dominancy Test when it provides that an infringement case can be filed against a person who use in commerce “any reproduction, counterfeit, copy, or colorable imitation of a registered mark or the same container or a dominant feature thereof.”⁸

Another helping of burger

A year later, in *McDonald’s Corporation vs. MacJoy Fastfood Corporation*,⁹ Justice Garcia made a u-turn and upheld McDonald’s theory that the Dominancy Test should be used in comparing its “BIG MAC” trademark to that of MacJoy’s mark “MACJOY AND DEVICE.” The Supreme Court continued with the trend laid down by the earlier cases of *Nestle* and *McDonald’s*, emphasizing its preference for the Dominancy Test by saying that it has relied on said test rather than the Holistic approach¹⁰ in resolving issue of likelihood of confusion.

But the High Tribunal now appears to have fully embraced the Dominancy Test as shown in three trademark cases this year.

In *Societe Des Produits Nestlé, S.A. vs. Martin T. Dy, Jr.*,¹¹ Justice Antonio Carpio retrieved the teachings of the two *McDonald’s* cases and event went as far back as the 1954 *Co Tiong Sa* case to lay down the ground work to support the Dominancy Test in comparing Nestle’s infant formula “NAN” with that of Dy’s “NANNY” milk products.¹²

Justice Antonio Nachura, in *Dermaline, Inc. vs. Myra Pharmaceuticals, Inc.*,¹³ even went further to say that, while there are no set rules in prosecuting trademark applications using the Dominancy Test, what should be considered are “signs, color, design, peculiar shape or name, or some special, easily remembered earmarks of the brand that readily attracts and catches the attention of the ordinary consumer.”¹⁴ Justice Nachura followed through with *Berris Agricultural Co., Inc. vs. Norvy Abyadang*,¹⁵ this time using the Dominancy Test first and then resolving the

⁸ Intellectual Property Code, Sec. 155.1.

⁹ G.R. No. 166115, 2 February 2007, 514 SCRA 95.

¹⁰ *Id.*, at 108.

¹¹ G.R. No. 172276, 8 August 2010.

¹² *Id.*

¹³ G.R. No. 190065, 16 August 2010.

¹⁴ *Id.*

¹⁵ G.R. No. 183404, 13 October 2010.

issue of confusion by looking into the Holistic Test's lenses for the fungicide marks under contention.

As jurisprudence stands now, to protect their marks, trademark owners may want to check out the marks of their competitors and see whether the dominant features of their marks, both visually and aurally, are being copied by the latter. For those intending to secure new trademark registrations, in order to avoid opposition, a cursory search into the list of registered marks with IPOPHIL may give the trademark holders an opportunity to test the distinctiveness of their marks using the same Dominancy Test.