

INTELLECTUAL PROPERTY



Trademark Infringement

IN THE CONTEXT OF PHILIPPINE LAWS

By:

Justice Ramon Paul L. Hernando
Supreme Court of the Philippines

Plaintiff XBC's Claims and Allegations

Based on the Intellectual Property Code of the Philippines [Republic Act No. 8293]

(1) For trademark infringement, it has to allege that trademark ABCM is: (a) registered with the Intellectual Property Office of the Philippines; (b) colorably imitated or reproduced; (c) imitated without its consent; (c) the infringing mark is used in connection with sale or advertising of goods or services; and (e) the use will cause likelihood of confusion.

[Zuneca Pharmaceutical, et al. v. Natrapharm, Inc., G.R. No. 211850, September 8, 2020.]

(2) The certificate of registration in its name serves as prima facie evidence of the registration's validity, of its ownership and exclusive use of ABCM trademark in goods specified.[Section 138]

(3) It has the exclusive right to prevent third parties from using in trade identical signs for goods or services which are similar to those in which the trademark is registered. [Section 147]

(4) Claim for damages and file for injunction [Sections 156.1 & 156.4]

(5) Apply for the issuance of a search warrant [Rule 10, Section 2, 2020 Revised Rules of Procedure for Intellectual Property Rights Cases (A.M. No. 10-3-10-SC)]

(6) Claim for Attorney's fees. [Article 2208, New Civil Code of the Philippines]

Defendant YBCM's Defenses and Allegations

Based on the Intellectual Property Code of the Philippines [Republic Act No. 8293]

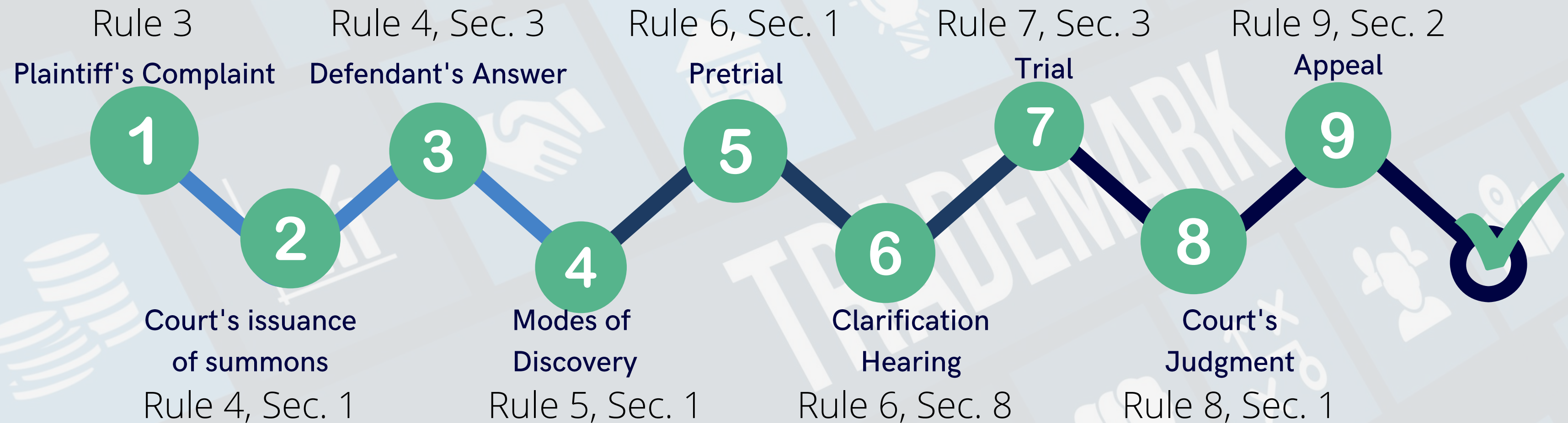
(1) In its Answer, YBCM may allege the following defenses: (a) XBC's failure to substantiate every element of trademark infringement; (b) XBC obtained its trademark's registration fraudulently or contrary to the provisions of the IP Code; and (c) XBC abandoned the registered trademark or failed to use the trademark during an uninterrupted period of three years or longer, if applicable. [Sections 151.1(b) and 151.1(c)]

(2) ABCM Corp., as the owner of a well-known mark, may, against an identical or confusingly similar mark, oppose its registration, or petition the cancellation of its registration or sue for unfair competition. [Section 131.3, in relation to Article 6bis of the Paris Convention and Article 16(2) of the TRIPS Agreement]

(3) ABCM Corp. is a prior user in good faith. [Section 159.1]

(4) File a motion to lift the writ of search and seizure and to issue an order to return seized goods, if applicable. [Rule 3, Section 6, 2020 Revised Rules of Procedure for Intellectual Property Rights Cases (A.M. No. 10-3-10-SC)]

How are Trademark Infringement cases judged in the Philippines?



2020 REVISED RULES OF PROCEDURE FOR INTELLECTUAL PROPERTY RIGHTS CASES
(A.M. No. 10-3-10-SC)

How are Trademark Infringement cases judged in the Philippines?

Factors in determining similarity of marks

- Rule 18, Section 5, A.M. No. 10-3-10-SC
 - General impression of the ordinary purchaser;
 - Visual, aural, connotative comparisons and overall impressions engendered by the marks;
 - Where there are both similarities and differences in the marks, these must be weighed against one another to determine which predominates.
- Mang Inasal Philippines, Inc. v. IFP Manufacturing Corp., G.R. No. 221717, June 19, 2017
 - Dominancy Test -- Prevalent, main, essential or dominant features of the marks.
 - Holistic Test -- Not only on the predominant words but also other features appearing on both labels.
 - Recent case laws gear towards preference in applying the dominancy test.

Factors in determining similarity of marks on non-identical goods or services

- Rule 18, Section 5, A.M. No. 10-3-10-SC
 - Strength of plaintiff's mark;
 - Degree of similarity between the plaintiff's and the defendant's marks;
 - Proximity of the products or services;
 - Likelihood that the plaintiff will bridge the gap;
 - Evidence of actual confusion;
 - Defendant's good faith in adopting the mark;
 - Quality of defendant's product or service; and/or
 - Sophistication of the buyers.

Proving and Refuting Infringement and Damages

Proving Infringement

- Rule 18, Sections 1 & 2, A.M. No. 10-3-10-SC
 - Presentation of certificate of registration
 - Showcase colorable imitation of the mark and actual use through the following: labels of the mark, downloaded pages from a website, photographs including digital photos, brochures or advertising materials, receipts of the sale of goods or services, copies of contracts, except computer print outs of the drawing or reproduction of marks.

Refuting Infringement

- Section 159, Intellectual Property Code of the Philippines
 - Prior user in good faith. [Section 159.1]
 - Innocent infringer who is engaged solely in the business of printing the mark. [Section 159.2]
 - Infringement complained of is part of a paid advertisement in a newspaper or similar periodicals, or in an electronic communication. [Section 159.3]

Proving Damages

- Rule 3, Section 3, A.M. No. 10-3-10-SC
 - The complaint must contain ultimate facts including the evidence among others. Actual damages must be proven with reasonable certainty through competent evidence such as sales receipts.

Refuting Damages

- Section 158, Intellectual Property Code of the Philippines
 - Defendant had no actual notice of the registration
 - The infringing act was committed without knowledge that the imitation will likely cause confusion, mistake or to deceive.

Calculation of Damages in Trademark Infringement

”The measure of the damages suffered shall be either:

(1) The reasonable profit which the complaining party would have made, had the defendant not infringed his rights; or (2) The profit which the defendant actually made out of the infringement.

In case damages cannot be readily ascertained:

(1) The court may award as damages a reasonable percentage based upon the amount of gross sales of the defendant or the value of the services in connection with which the mark or trade name was used in the infringement of the rights of the complaining party.”

[Section 156.1, Intellectual Property Code of the Philippines]

Damages may be doubled, at the discretion of the court, when actual intent to mislead the public or to defraud the complainant is shown.

[Section 156.3, Intellectual Property Code of the Philippines].

ABCM trademark:



Registered in IPOPHL by Plaintiff XBC;



Not actually used for sale of construction machineries.

On this aspect alone and absent other factors which may be adverse to its registration, the trademark registered with the IPOPHL is afforded the same protection if plaintiff XBC's non-use was due to any of the excusable circumstances.

The same protection is given when the non-use of a registered mark is excused, as in the following:

- Non-use was caused by circumstances arising independent of the will of the trademark owner. [Section 152.1]
- The use of the mark different from which it was registered but which does not alter its distinctive character. [Section 152.2]
- The use of the mark with one or more goods or services belonging to the class which the mark is registered. [Section 152.3]
- The use of a mark by a company related to the registrant or the use of another is controlled by the registrant, as long as the use does not deceive the public. [Section 152.4]

FINAL JUDGMENT

Considering Defendant YBCM's Defenses

**Ruling in favor of Defendant YBCM:
No trademark infringement**

The conclusion is anchored on "prior user in good faith" as expressed in Section 159.1 and in recent Philippine Supreme Court *En Banc* decision.

Zuneca Pharmaceutical, et al. v. Natrapharm, Inc., G.R. No. 211850, September 8, 2020.

"Prior users in good faith are also protected in the sense that they will not be made liable for trademark infringement even if they are using a mark that was subsequently registered by another person x x x."

" x x x A prior user in good faith may continue to use its mark even after the registration of the mark by the first-to-file registrant in good faith, subject to the condition that any transfer or assignment of the mark by the prior user in good faith should be made together with the enterprise or business or with that part of his enterprise or business in which the mark is used."

"x x x the current ownership regime based on registration x x x protects and respects the rights of prior users in good faith, it is thus reasonable to infer that the new system of acquiring ownership effectively protects potential entrants in the market."

"[It] is in consonance with the expressed State policy that describes an effective intellectual and industrial property system as one that 'attracts foreign investments.'"

The existing Intellectual Property Code of the Philippines was last amended by Republic Act No. 10372 in 2013.

To date, no recent legislations were curated in the last five years to amend or update the existing Intellectual Property Code to be compliant with treaty obligations.

Yet, the Supreme Court of the Philippines promulgated the 2020 Revised Rules of Procedure for Intellectual Property Rights Cases which took effect on November 16, 2020.

Also, Philippine legislators likewise sponsored House Bill No. 8062 or "An Act Providing for the Revised Intellectual Property Code of the Philippines, and for Other Purposes" in November 2020.

TRADEMARK LAW DEVELOPMENT IN THE PHILIPPINES

House Bill No. 8062 proposed updates on Trademark:

- Protection of non-visual marks like sound marks.
- Introduction and protection of certification mark which is any sign certifying regional or geographic origin, material, mode of manufacture, quality, accuracy or other characteristics of another's goods or services.

Source: Lim, Janina. "IPOPHEL lauds consolidation of House bills to modernize IP Code, identifies 17 priority areas for amendment." Intellectual Property Office of the Philippines. Published: February 24, 2021. <https://www.ipophil.gov.ph/news/ipophil-lauds-consolidation-of-house-bills-to-modernize-ip-code-identifies-17-priority-areas-for-amendment/>. Last Accessed August 25, 2021.

COMPARISON ON THE CHARACTERISTICS OF REGISTRATION AND USE OF TRADEMARKS

	FILING SYSTEM	PROTECTION PERIOD	USE REQUIREMENT	NON-TRADITIONAL MARKS
AUSTRALIA	FIRST TO USE	10 YEARS FROM FILING DATE	MAY BE REMOVED IF NOT USED IN THREE YEARS	SOUND MARK MAY BE REGISTERED
CHINA	FIRST TO FILE	10 YEARS FROM REGISTRATION	MAY BE CANCELLED IF NOT USED IN THREE YEARS	SOUND MARK MAY BE REGISTERED
EUROPE	FIRST TO FILE	10 YEARS FROM FILING DATE	MAY BE CHALLENGED IF NOT USED IN FIVE YEARS	SOUND MARK MAY BE REGISTERED
PHILIPPINES	FIRST TO FILE	10 YEARS FROM REGISTRATION	MAY BE REVOKED IF NOT USED WITHIN THREE YEARS	SOUND MARK MAY NOT BE REGISTERED
U.S.A	FIRST TO FILE	10 YEARS FROM REGISTRATION	MAY BE CANCELLED IF NO DECLARATION OF USE BEFORE THE END OF SIX YEARS FROM REGISTRATION	SOUND MARK MAY BE REGISTERED

Sources: Asia Business Law Journal. (2017, April 25). TM an Asian Comparison. Retrieved August 25, 2021, from Asia Business Law Journal: <https://law.asia/tm-an-asian-comparison/>; Cara-Carson, F. (2019, July 30). Australia: Trade mark owners take note: first to file v first to use. Retrieved August 25, 2021, from Mondaq: <https://www.mondaq.com/australia/trademark/830724/trade-mark-owners-take-note-first-to-file-v-first-to-use>; European Union Intellectual Property Office. (2016, February 29). Manage. Retrieved August 25, 2021, from European Union Intellectual Property Office: <https://euipo.europa.eu/ohimportal/en/manage>; European Union Intellectual Property Office. (2017, September 22). What can be an EU trademark. Retrieved August 25, 2021, from European Union Intellectual Property Office: <https://euipo.europa.eu/ohimportal/en/what-can-be-an-eu-trade-mark>; European Union Intellectual Property Office. (2021, March 2). Strategy. Retrieved August 25, 2021, from European Union Intellectual Property Office: <https://euipo.europa.eu/ohimportal/en/strategy>; European Union Intellectual Property Office. (2021, March 2). Trademark Walkthrough. Retrieved August 25, 2021, from European Union Intellectual Property Office: <https://euipo.europa.eu/ohimportal/en/online-services/trade-mark-walkthrough>; Harris Bricken. (2021, February 17). Trademarking a Sound in China. Retrieved August 25, 2021, from Harris Bricken: <https://harrisbricken.com/chinalawblog/trademarking-a-sound-in-china/>; IP Australia. (2019, June 12). Trademark Basics. Retrieved August 25, 2021, from IP Australia: <https://www.ipaustralia.gov.au/trade-marks/understanding-trade-marks/trade-mark-basics>; United States Patent and Trademark Office. (202, February). Protecting Your Trademark. Retrieved August 25, 2021, from United States Patent and Trademark Office: <https://www.uspto.gov/sites/default/files/documents/BasicFacts.pdf>; United States Patent and Trademark Office. (2020, October 13). Trademark sound mark examples. Retrieved August 25, 2021, from United States Patent and Trademark Office: <https://www.uspto.gov/trademarks/soundmarks/trademark-sound-mark-examples>.

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THANK YOU!

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