Trademarks Protection and Anti-Counterfeiting Strategies in the Philippines

Lisa Yong
Scope of discussion

What can and should be protected?
What are common issues in prosecution?
Legal Risks?

How to deal with counterfeits or look-alikes?
Warning letters/civil litigation/criminal raids?
**Trademarks data**

<table>
<thead>
<tr>
<th>TRADEMARK FILINGS</th>
<th>2010</th>
<th>2011</th>
<th>2012 (as of Dec. 15, 2012)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resident</td>
<td>9731</td>
<td>10,563</td>
<td>9862</td>
</tr>
<tr>
<td>Non-Resident</td>
<td>7093</td>
<td>8054</td>
<td>8106</td>
</tr>
<tr>
<td>Not Specified</td>
<td>1</td>
<td>2</td>
<td>761</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>16,825</td>
<td>18,619</td>
<td>18,729</td>
</tr>
</tbody>
</table>

*Data from IPO Philippines 2012 Annual Report*
# Trademarks data

<table>
<thead>
<tr>
<th>CODE</th>
<th>COUNTRY</th>
<th>% SHARE OF FILINGS</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>United States of America</td>
<td>21%</td>
</tr>
<tr>
<td>JP</td>
<td>Japan</td>
<td>9%</td>
</tr>
<tr>
<td>CH</td>
<td>Switzerland</td>
<td>5%</td>
</tr>
<tr>
<td>CN</td>
<td>China</td>
<td>5%</td>
</tr>
<tr>
<td>DE</td>
<td>Federal Republic of Germany</td>
<td>3%</td>
</tr>
<tr>
<td>KR</td>
<td>Republic of Korea</td>
<td>3%</td>
</tr>
<tr>
<td>FR</td>
<td>France</td>
<td>3%</td>
</tr>
<tr>
<td>SG</td>
<td>Singapore</td>
<td>2%</td>
</tr>
<tr>
<td>GB</td>
<td>United Kingdom</td>
<td>2%</td>
</tr>
<tr>
<td>IT</td>
<td>Italy</td>
<td>2%</td>
</tr>
</tbody>
</table>

(as of Dec. 15, 2012)

*Data from IPO Philippines 2012 Annual Report*
Section 121.1.
"Mark" means any visible sign capable of distinguishing the goods (trademark) or services (service mark) of an enterprise and shall include a stamped or marked container of goods;

Section 123. Registrability. - 123.1. A mark cannot be registered if it:

a. Consists of immoral, deceptive or scandalous matter, or matter which may disparage or falsely suggest a connection with persons, living or dead, institutions, beliefs, or national symbols, or bring them into contempt or disrepute;

b. Consists of the flag or coat of arms or other insignia of the Philippines or any of its political subdivisions, or of any foreign nation, or any simulation thereof;

c. Consists of a name, portrait or signature identifying a particular living individual except by his written consent, or the name, signature, or portrait of a deceased President of the Philippines, during the life of his widow, if any, except by written consent of the widow;
d. Is identical with a registered mark belonging to a different proprietor or a mark with an earlier filing or priority date, in respect of:

   (i) The same goods or services, or
   (ii) Closely related goods or services, or
   (iii) If it nearly resembles such a mark as to be likely to deceive or cause confusion;

e. Is identical with, or confusingly similar to, or constitutes a translation of a mark which is considered by the competent authority of the Philippines to be well-known internationally and in the Philippines, whether or not it is registered here, as being already the mark of a person other than the applicant for registration, and used for identical or similar goods or services: Provided, That in determining whether a mark is well-known, account shall be taken of the knowledge of the relevant sector of the public, rather than of the public at large, including knowledge in the Philippines which has been obtained as a result of the promotion of the mark;
f. Is identical with, or confusingly similar to, or constitutes a translation of a mark considered well-known in accordance with the preceding paragraph, which is registered in the Philippines with respect to goods or services which are not similar to those with respect to which registration is applied for: Provided, That use of the mark in relation to those goods or services would indicate a connection between those goods or services, and the owner of the registered mark: Provided further, That the interests of the owner of the registered mark are likely to be damaged by such use;

g. Is likely to mislead the public, particularly as to the nature, quality, characteristics or geographical origin of the goods or services;

h. Consists exclusively of signs that are generic for the goods or services that they seek to identify;

i. Consists exclusively of signs or of indications that have become customary or usual to designate the goods or services in everyday language or in bona fide and established trade practice;

j. Consists exclusively of signs or of indications that may serve in trade to designate the kind, quality, quantity, intended purpose, value, geographical origin, time or production of the goods or rendering of the services, or other characteristics of the goods or services;
IP Code

k. Consists of shapes that may be necessitated by technical factors or by the nature of the goods themselves or factors that affect their intrinsic value;

l. Consists of colour alone, unless defined by a given form; or

m. Is contrary to public order or morality.

BOTTLE DEVICE
(Reg. No. 42000002840)

DEVICE
(Reg. No. 42001004490)

3D DRAGON BOTTLE
(Reg. No. 42012003668)
Single colour marks

Colour combination marks

Mark: DEVICE
Registration No.: 42002008356

Mark: DEVICE
Registration No.: 42002008321

Mark: DEVICE
Registration No.: 42002008322

Mark: TRI-COLOR STRIPE DESIGN
Registration No.: 42012005755
Descriptive marks

Consists exclusively of signs or of indications that may serve in trade to designate the kind, quality, quantity, intended purpose, value, geographical origin, time or production of the goods or rendering of the services, or other characteristics of the goods or services

- Section 123.1(j) of the IP Code

In McDonald’s Corporation and McGeorge Food Industries, Inc. v L.C. Big Mak Burger, Inc., et. al., (G.R. No. 143993, 18 August 2004), the Supreme Court pronounced:

“Descriptive marks, on the other hand, convey the characteristics, functions, qualities or ingredients of a product to one who has never seen it or does not know it exists, such as "Arthriticare" for arthritis medication.”
Descriptive marks?

Registration No. 42005003162
Class 11 for water purifier

Registration No. 42006012377
Class 11 – refrigerators and freezers

COOLER WINE

“The word ‘COOLER’ does not give the name, quality or description for which the wine is used. It does not even describe the place of origin…”

Class 33 – wine IPC NP. 3172
Searches

• Pre-clearance checks important because of low threshold of descriptiveness
• Local proprietors do take action against legitimate brand owners
• Resources:

IPOPhil trademark search website
http://onlineservices.ipophil.gov.ph/ipophilsearch/

Department of Trade and Industry website
http://bnrs.dtigov.ph:8080/web/guest/registration

Securities and Exchange Commission website
Trademarks - prosecution

PHILIPPINES - TRADEMARK FILING TO REGISTRATION FLOW CHART
DECLARATION OF ACTUAL USE

(This Declaration of Actual Use required to be made pursuant to Sec. 124.2 and Sec. 145 of R.A. 8293, otherwise the application shall be refused or the mark shall be removed from the Register.)

Please check one:

[ ] Within three (3) years from filing
[ ] Within one year from the fifth (5th) anniversary of the registration of the mark

Registration No.: ______________ Date Issued: ______________

[ ] Tenth (10th) anniversary

Registration No.: ______________ Date Issued: ______________

[ ] Fifteenth (15th) anniversary

Registration No.: ______________ Date Issued: ______________

I, ________________________________________, of legal age, ____________ citizen, residing at ________ ____________ ____________, depose and state under oath:

1. I am the [ ] applicant for registration
   [ ] authorized officer of applicant-corporation
   [ ] registrant
   [ ] authorized officer of registered owner-corporation
   [ ] agent/authorized representative of applicant/registrant

   of the mark ____________________________________________.

2. The Mark [ ] was accorded filing date on ______________ (Application No. ____________)
   [ ] was registered on ______________ (Registration No. ____________)

   for the following class/es of goods and/or services:
   ____________________________________________________

3. The Mark was first used on ______________ (mm/dd/yyyy).
4. The Mark is being used in the Philippines for the following class/es of goods and/or services;
   ____________________________________________________

5. The goods are sold and/or services are rendered in the following outlet/s:

   Name of Outlet   Address
   ______________________________________________________
   ______________________________________________________

6. As proof of actual use, attached are five (5) labels or pictures of the Mark (or pictures of the stamped container visibly or legibly showing the Mark) or other evidence of use.

7. This affidavit is executed to attest to the truth of the foregoing and for the purpose of complying with the requirements of R.A. 8293 and the Trademark Regulations.

   __________________________________

   Affiant

SUBSCRIBED AND SWORN TO before me this ____________ day of ________________.
Declaration of Actual Use

• Date of first use of the mark is not required - optional
• Evidence of use in the form of photos of products, receipts, advertisements, packaging.
• Use for some of the goods/services in the same class shall constitute use for the entire class of goods/services.
• Use for one class shall be considered use for related class.
• Online use is valid proof of use by showing that goods are sold / services are rendered in the Philippines.
• Applies to applications filed under Madrid Protocol.
• Use of the mark in a different form which does not substantially alter the distinctive character of the mark is acceptable.
Test for Similarity of Marks

- Holistic Test – old test
- Dominancy Test – new test
- **Mighty Corporation and La Campana Fabrica de Tabaco, Inc. vs. E & J Gallo Winery and The Andresons Group, Inc. (G.R. No. 154342, 14 July 2004)** considered the 2 tests:

**Holistic Test**

“[T]he Holistic Test requires that the entirety of the marks in question be considered in resolving confusing similarity. Comparison of words is not the only determining factor. The trademarks in their entirety as they appear in their respective labels or hang tags 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.”
Dominancy Test – new test

“The Dominancy Test focuses on the similarity of the prevalent features of the competing trademarks which might cause confusion or deception, and thus infringement. If the competing trademark contains the main, essential or dominant features of another, and confusion or deception is likely to result, infringement takes place. Duplication or imitation is not necessary; nor is it necessary that the infringing label should suggest an effort to imitate. The question is whether the use of the marks involved is likely to cause confusion or mistake in the mind of the public or deceive purchasers.”

McDonald’s Corp. et. al. Vs. L.C. Big Mak Burger, (G.R. No. 143993, 18 August 2004)
## Decisions on Similarity

<table>
<thead>
<tr>
<th>Case Number</th>
<th>Plaintiff’s Mark</th>
<th>Defendant’s Mark</th>
</tr>
</thead>
<tbody>
<tr>
<td>Berris Agricultural Co., Inc. vs. Abyadang (G.R. No. 183404; 13 October 2010)</td>
<td><img src="image1" alt="D-10 80 WP" /></td>
<td><img src="image2" alt="NS D-10 PLUS" /></td>
</tr>
<tr>
<td>Allergan Inc. vs Image Sense Corporation In IPC No. 14-2009-00053</td>
<td><img src="image3" alt="BOTOX" /></td>
<td><img src="image4" alt="HYPER BOT-X" /></td>
</tr>
<tr>
<td>Glaxosmithkline vs Korea United Pharm, Inc (IPC No. 14-2005-00062)</td>
<td><img src="image5" alt="AUGMENTIN" /></td>
<td><img src="image6" alt="AUGMEX" /></td>
</tr>
<tr>
<td>Sandisk vs. Sundisk and device IPC No. 14-2007-00222 May 07, 2008</td>
<td><img src="image7" alt="SanDisk" /></td>
<td><img src="image8" alt="SUNDKS" /></td>
</tr>
<tr>
<td>Jockey vs. Hockey – IPC No. 14-2007-00100 May 07, 2008</td>
<td><img src="image9" alt="JOCKEY" /></td>
<td><img src="image10" alt="HOCKEY" /></td>
</tr>
<tr>
<td>Remy Martin vs. Henry Martin Label Mark IPC No. 14-2006-00131 April 14, 2008</td>
<td><img src="image11" alt="REMY MARTIN" /></td>
<td><img src="image12" alt="HENRI MARTIN" /></td>
</tr>
</tbody>
</table>
Trademarks – opposition grounds

• In general, the Opposer will be damaged by the registration of the application (Article 134 of IP Code)
• Similarity to prior registration
• Similarity to well-known mark;
• Similarity to company name even if not registered as a trademark
• Application was filed in bad faith
Well-known marks

• Rule 102 of Trademark Regulations – Criteria for determining whether a mark is well-known

  (a) the duration, extent and geographical area of any use of the mark, in particular, the duration, extent and geographical area of any promotion of the mark, including advertising or publicity and the presentation, at fairs or exhibitions, of the goods and/or services to which the mark applies;
  (b) the market share, in the Philippines and in other countries, of the goods and/or services to which the mark is applied;
  (c) the degree of the inherent or acquired distinction of the mark;
  (d) the quality-image or reputation acquired by the mark;
  (e) the extent to which the mark has been registered in the world;
  (f) the exclusivity of registration attained by the mark in the world;
  (g) the extent to which the mark has been used in the world;
  (h) the exclusivity of use attained by the mark in the world;
  (i) the commercial value attributed to the mark in the world;
  (j) the record of successful protection of the rights in the mark;
  (k) the outcome of litigations dealing with the issue of whether the mark is a well-known mark; and,
  (l) the presence or absence of identical or similar marks validly registered for or used on identical or similar goods or services and owned by persons other than the person claiming that his mark is a well-known mark.
## Well-known marks decisions

<table>
<thead>
<tr>
<th>Mark</th>
<th>Case No.</th>
<th>Other party’s mark</th>
</tr>
</thead>
<tbody>
<tr>
<td>BOTOX</td>
<td>IPC No. 14-2009-00052 Decision No. 2010-46</td>
<td><img src="image" alt="BOTOX mark" /></td>
</tr>
<tr>
<td>FACEBOOK</td>
<td>IPC No. 14-2008-00357 Decision No. 2010-49</td>
<td><img src="image" alt="FACEBOOK mark" /></td>
</tr>
<tr>
<td>WHIRLPOOL</td>
<td>IPC No. 14-2008-00263 Decision No. 2009-37</td>
<td><img src="image" alt="WHIRLPOOL mark" /></td>
</tr>
<tr>
<td>TOYS “R” US</td>
<td>IPC No. 14-2008-00336 Decision No. 2009-119</td>
<td><img src="image" alt="TOYS “R” US mark" /></td>
</tr>
</tbody>
</table>
## Well-known marks decisions

<table>
<thead>
<tr>
<th>Mark</th>
<th>Case No.</th>
<th>Other party’s mark</th>
</tr>
</thead>
<tbody>
<tr>
<td>APPLE</td>
<td>IPC No. 14-2007-00361 Decision No. 2009-133</td>
<td>![Apple logo]</td>
</tr>
<tr>
<td>HARVARD</td>
<td>IPC No. 14-2004-00115 Decision No. 2009-196</td>
<td>![Harvard logo]</td>
</tr>
<tr>
<td>MARLBORO</td>
<td>IPC No. 14-2006-00060 Decision No. 2007-107</td>
<td>![Marlboro logo]</td>
</tr>
<tr>
<td></td>
<td>IPC No. 14-2006-00122 Decision no. 2007-189</td>
<td>![Sany logo]</td>
</tr>
</tbody>
</table>
## Well-known marks decisions

<table>
<thead>
<tr>
<th>Mark</th>
<th>Case No.</th>
<th>Other party’s mark</th>
</tr>
</thead>
</table>
| ACCO             | IPC No. 14-2004-00046 Decision No. 2006-07 | ![LACO]
| FRED PERRY       | IPC No. 1539 and 1736                   | ![FRED PERRY]
| SEIKO            | IPC No. 14-2004-00067 Decision No. 2005-22 | ![SELKO]
| APPLE DEVICE     | IPC No. 14-2002-00002 Decision No. 2004-20 | ![Apple Bee]
| ![STAR TV]       | IPC No. 14-2001-00050 Decision No. 2004-08 | STAR & STAR DEVICE |
Trademarks – our oppositions statistics

- 30% - Pending oppositions
- 60% - Settlement achieved before opposition or during mediation
**Trademarks – oppositions data**

<table>
<thead>
<tr>
<th>YEAR</th>
<th>FILINGS</th>
<th>TOTAL FILINGS (as of Dec. 15, 2012)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>IPC</td>
<td>IPV</td>
</tr>
<tr>
<td>2010</td>
<td>333</td>
<td>17</td>
</tr>
<tr>
<td>2011</td>
<td>581</td>
<td>31</td>
</tr>
<tr>
<td>2012</td>
<td>585</td>
<td>23</td>
</tr>
</tbody>
</table>

*Data from IPO Philippines 2012 Annual Report*
Trademarks – Non-use cancellation

• Automatic cancellation by the Registry if no Declaration of Use filed (within 3 years from application date and within 1 year from 5th anniversary of registration)

• Third party non-use cancellations can be filed anytime if mark has not been used in the Philippines during an uninterrupted period of at least 3 years.
Trademark Infringement

Section 155.1.
Use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark or the same container or a dominant feature thereof in connection with sale & distribution, distribution, advertising of any goods or services including other preparatory steps necessary to carry out the sale of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; or
Trademark Infringement

Section 155.2. Reproduce, counterfeit, copy or colorably imitate a registered mark or a dominant feature thereof and apply such reproduction, counterfeit, copy or colorable imitation to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used in commerce upon or in connection with the sale, offering for sale, distribution, or advertising of goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive, shall be liable in a civil action for infringement by the registrant for the remedies hereinafter set forth: Provided, That the infringement takes place at the moment any of the acts stated in Subsection 155.1 or this subsection are committed regardless of whether there is actual sale of goods or services using the infringing material.
Criminal sanctions

Section 170.

Penalties. - Independent of the civil and administrative sanctions imposed by law, a criminal penalty of imprisonment from two (2) years to five (5) years and a fine ranging from Fifty thousand pesos (P50,000) to Two hundred thousand pesos (P200,000), shall be imposed on any person who is found guilty of committing any of the acts mentioned in Section 155 [trademark infringement], Section 168 [unfair competition] and Subsection 169.1 [false designation of origin].
## Trademark Infringement

<table>
<thead>
<tr>
<th>Nature of infringement</th>
<th>Legal basis</th>
<th>Punishment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Selling or advertising counterfeit goods</td>
<td>Sec. 155.1 - “use in commerce a copy or colorable imitation of a mark”</td>
<td>Imprisonment for a max. period of 5 years and a fine of a max. of P200,000</td>
</tr>
<tr>
<td>Manufacture (using an identical or colorable imitation of a mark)</td>
<td>Sec. 155.2 – “reproduce a mark and apply to labels...packages”</td>
<td>Imprisonment for a max. period of 5 years and a fine of a max. of P200,000</td>
</tr>
</tbody>
</table>
Rules of Procedure for Intellectual Property Cases (8 November 2011)

• Special Commercial Courts - in Quezon City, Manila, Makati and Pasig - authorized to deal with IP matters
• Streamlining of court procedures
  – judicial affidavits serve as direct testimonies of parties, subject to cross-examination of the adverse party
  – pleadings limited to complaint, counterclaim and cross-claims and the answers thereto
• Judgment possible after pre-trial conference
• Destruction of seized infringing goods may be ordered while case pending
Civil/administrative remedies

- Permanent infringement injunctions granted
- Damages may be substantial if proven
- Legal costs not usually recoverable
- Appeal to Court of Appeals and Supreme Court
- Civil litigation takes 4 to 6 years

- Bureau of Legal Affairs (BLA) – jurisdiction in administrative complaints where the total damages claimed are not less than Two hundred thousand pesos (P200,000)
IPV cases filed with BLA (January to July 2013)
Raids

IP ENFORCEMENT BODIES

Philippines National Police (PNP)

- Anti-Fraud division of the Criminal Investigation and Detection Group (CIDG)

NATIONAL BUREAU OF INVESTIGATION (NBI)

- Intellectual Property Rights Division (IPRD)
New Intellectual Property Office (IPO) enforcement powers

(a) Issuance of notice/warning to the respondent to observe compliance with the provisions of the IP Code;
(b) Issuance of visitorial order on the subject premises;
(c) Issuance of compliance order against the respondent;
(d) Immediate filing of administrative complaint before the Department of Trade and Industry, the local government unit concerned, or other government agencies (for violation of relevant trade and consumer laws and/or local government ordinances)
(e) Referral of the case to a law enforcement agency for case build-up;
(f) Recommendation of application for search warrant;
(g) Referral of the case to other government agencies for filing of charges for violation of other laws, rules or regulations;
(h) Other actions necessary to ensure compliance with the provisions of the IP Code
Upon conducting an investigation, may issue any or a combination of the following:

- Notice / Warning
- Visitorial Order
- Case build up
- Compliance Order
- Administrative complaint
- Recommend Search Warrant application

No implementing rules yet but IPO is already accepting IP violation complaints.

No seizures. Presence of counterfeit items will simply be noted.

The IP violation may be a ground for the revocation of the license/business permit.
Post raid

• Settlement negotiations recommended due to long delay in criminal prosecution
• Damages, source information, public apology
• File complaint with Department of Justice to add
• Apply to destroy seized goods in storage pending prosecution
Warning Letter Program

• Sent to mall owners / operators

By Courier and Registered Mall

21 December 2012

Shopping Plaza
Poblacion Brgy. 5,
Calamba City, Laguna

Dear Mr.,

Sale of counterfeit products

We act for and on behalf of our client [REDACTED], a company incorporated under the laws of the United Kingdom.

Our client is the owner of the internationally-well known trademark [REDACTED] as well as the marks [REDACTED]. The Marks have been registered by our client in many countries all over the world. In the Philippines, the Marks are protected for [REDACTED] oils under the following registrations:
Warning Letter Program

- Mall owners / operators issued notices to tenants
- NBI / PNP / OMB copied in the C&D letters
Warning Letter Program

Secured undertakings from targets

This undertaking shall be effective immediately and is binding upon any successors, assignees, licensees, partners, employees, agents, affiliates and associated entities.

Yours faithfully,

[Signature]

Preprintor Y
Multimeg Motorcycle Parts
Unit 6 Rose Wood Bldg.
10th Ave., Brgy. Grace Park
Caloocan City, Metro Manila

I further acknowledge that if I do not comply with these undertakings in full, I shall be liable to pay to as a genuine pre-estimate of loss the additional sum of P500,000.00, representing general damages and attorney’s fees in dealing with the repeated infringement. This shall be without prejudice to any further claims should the actual legal costs or damages as a result of the continued infringement exceeding the genuine pre-estimate of loss.

This undertaking shall be effective immediately and is binding upon any successors, assignees, licensees, partners, employees, agents, affiliates and associated entities.
Online infringement

• Increasing infringing goods found online or through local sites

• Quick remedy is to send take-down letters to such websites
Customs Procedure

1. Customs issue hold order on suspected shipment

2. Brand owner/representative notified and examines the goods within 48 hours

3. If counterfeit - Customs issue a Warrant of Seizure and Detention against the shipment

4. Importer is notified and may defend and hearing to be conducted to determine if goods are infringing; if he does not defend, goods are forfeited
Philippines Customs claims to be an effective authority. But the bar is pretty low in SE Asia, where it must be remembered that most fake goods are imported from China. The main problem is the lack of border seizures in the Philippines.

So reports of Customs' latest seizure are interesting. Customs' IPR Division reported to the media last week a haul of fake goods from China worth P30 million (USD1million). The products included Marlboro, Winston and Fortune cigarettes, Knorr and Maggi food seasoning and Nescafe products.

The seizure occurred at a warehouse in Manila. Philippines Customs is somewhat unusual in having a form of inland jurisdiction where goods have entered the country and are distributed to warehouses (as this one was) but have not yet technically cleared Customs. The credit for the raid was claimed to be due to a Customs informant in the private sector along with Customs' 'heightened anti-smuggling campaign'.

All of this masks the reality. Firstly an inland warehouse seizure would be a police raid in most places! The fact is that the goods already entered the country without Customs seizing them. Secondly they claimed success by using market informants rather than (like other Customs') using risk assessment techniques to grade and inspect the shipments at the border.

Philippines Customs will only really impress anyone when they make actual border seizures rather than suspicious seizures of goods they already let in!

Posted by Komodo Dragon at 12:14 AM  No comments:

http://ipkomododragon.blogspot.com
Thank you