

Trends and Developments in Intellectual Property Law 2020: Unpacking the Cases of *Google, Helsinn, and Booking.com*

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I. INTRODUCTION

The “invisible hand” is a term used by economists as a metaphor to describe how the pursuit of one’s own interest unintentionally moves the free market into equilibrium.¹ The idea behind this is that economic order will simply occur without government intervention.² The public, guided by invisible forces, will naturally develop the nation as a consequence of improving their own individual qualities of life.³ However, this is not an economics Article; this is an Article about intellectual property (IP) law. The term “invisible hand” was the term used by the Intellectual Property Office of the Philippines (IPOP HL) in describing the role of intellectual property in the Philippines.⁴ The IPOP HL claims that IP is one of those unseen forces “important in structuring national development[.]”⁵

IP is significant to the Philippines.⁶ However, its importance is often overlooked.⁷ A few know that IP contributes to social welfare, the preservation of culture and heritage, the protection of the environment, and even economic development.⁸ Additionally, a well-crafted IP system will help the Philippines flourish through more innovation and creativity.⁹ It is for this reason that the IPOP HL, together with the World Intellectual Property Organization, developed the National Intellectual Property Strategy (NIPS) for 2020–2025. The vision of the NIPS was to achieve “[a]n effective [i]ntellectual [p]roperty [s]ystem widely recognized and strategically utilized to

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1. Christina Majaski, Invisible Hand Definition, *available at* <https://www.investopedia.com/terms/i/invisiblehand.asp> (last accessed Sep. 30, 2020) & Intellectual Property Office, The National Intellectual Property Strategy (2020–2025) at 7, *available at* https://drive.google.com/file/d/1R3zwex1ccuadq4YRYMCDV_xpBPXtAkZc/view (last accessed Sep. 30, 2020) [hereinafter Intellectual Property Office, NIPS].
 2. Majaski, *supra* note 1.
 3. Intellectual Property Office, NIPS, *supra* note 1, at 7.
 4. *Id.*
 5. *Id.*
 6. *Id.*
 7. *Id.*
 8. *Id.* at 7–8. See *Mirpuri v. Court of Appeals*, 318 SCRA 516, 553 (1999).
 9. Intellectual Property Office, NIPS, *supra* note 1, at 6.

benefit and uplift the lives of Filipinos[.]”¹⁰ This is a big step forward for IP in the Philippines.

This could not have come at a more perfect time. IP filings have been consistently increasing through the years.¹¹ Annual trademark filings have increased by around 12,000 from 2015 to 2019.¹² Copyright deposits nearly tripled within the same period.¹³ Lastly, annual patent filings increased by almost 21% from 2015 to 2019 as well.¹⁴ One would assume that with the increased IP filings, there would be a corresponding increase in cases in courts involving IP issues. However, according to the NIPS, IP cases before the courts are still quite low.¹⁵ The NIPS recognizes the importance of the judiciary in achieving its goals.¹⁶ It is through the courts that the IP rights and laws are upheld.¹⁷ Therefore, it is also important for the courts to keep abreast of developments and challenges in IP.¹⁸

The decisions of the Supreme Court of the Philippines (SC) are vital in ensuring that justice is upheld when an issue involving IP arises between conflicting parties.¹⁹ It is also essential in filling gaps in the Philippines’ IP laws. The IPOPHL admits that there are still gaps in the Philippine Intellectual Property Code (IP Code) and other IP laws.²⁰ The SC is permitted to fill in these gaps if said gaps will cause injustice if left open.²¹ Hence, the SC must

10. Intellectual Property Office, National Intellectual Property Strategy, *available at* <https://www.ipophil.gov.ph/national-intellectual-property-strategy-nips> (last accessed Sep. 30, 2020).

11. *See* Intellectual Property Office, NIPS, *supra* note 1, at 31.

12. Intellectual Property Office, Statistics, *available at* <https://www.ipophil.gov.ph/reference/statistics> (last accessed Sep. 30, 2020) [hereinafter Intellectual Property Office, Statistics].

13. *Id.*

14. *Id.*

15. Intellectual Property Office, NIPS, *supra* note 1, at 17.

16. *Id.* at 22.

17. *Id.*

18. *Id.*

19. *Id.*

20. *Id.* at 16-17.

21. Re: Application for Survivorship Pension Benefits Under Republic Act No. 9946 of Mrs. Pacita A. Gruba, Surviving Spouse of the Late Manuel K. Gruba, Former CTA Associate Judge, 709 SCRA 603, 616 (2013) (citing Re: Resolution

render judgment or make an interpretation, and seal those gaps — a task recognized by both the New Civil Code and jurisprudence.²² These decisions and interpretations of the SC can aid the IPOPHL in ridding the gaps in IP laws. Through the years, the SC has already developed its own jurisprudence interpreting and filling in these gaps. In doing so, the SC sought aid from the rulings of the Supreme Court of the United States (SCOTUS) and other sources of United States (U.S.) jurisprudence.²³

The SC has continuously turned to U.S. jurisprudence in rendering its judgment or making interpretations of IP laws and still continues to until today.²⁴ This is another act the SC is allowed to do.²⁵ It is a principle in statutory construction that U.S. jurisprudence can be adopted when the SC makes interpretations or decisions of statutes patterned after U.S. laws.²⁶ However, the SC must make sure that such adoption will neither cause injustice nor be against public policy.²⁷ With the Philippines having adopted most of its IP laws from the U.S.,²⁸ the SC is justified in its continuous adoption of U.S. jurisprudence.

The best way to seal these gaps in Philippine IP laws is, of course, through the Congress of the Philippines or through the SC making its own interpretation or application of the laws. Each country has its own context and therefore, laws can apply differently even if they have the same statutes. However, with IP cases before the SC still being quite low, the Author

Granting Automatic Permanent Total Disability Benefits to Heirs of Justices and Judges Who Die in Actual Service, 443 SCRA 549, 556 (2004)).

22. *Floresca v. Philex Mining Corporation*, 136 SCRA 141, 167 (1985) (citing An Act to Ordain and Institute the Civil Code of the Philippines [CIVIL CODE], Republic Act No. 386, art. 9 (1949)).
23. Ferdinand M. Negre, *Trademark Law in a Knotshell: From Caves to Cyberspace*, 46 ATENEO L.J. 465, 468 (2001) (citing IGNACIO S. SAPALO, BACKGROUND READING MATERIAL ON THE INTELLECTUAL PROPERTY SYSTEM OF THE PHILIPPINES 65 (1994)).
24. Negre, *supra* note 23, at 468 (citing SAPALO, *supra* note 23, at 66). *See also* *W Land Holdings, Inc. v. Starwood Hotels and Resorts Worldwide, Inc.*, 847 SCRA 403 (2017); *Juan v. Juan*, 837 SCRA 613 (2017); *Ching v. Salinas, Sr.*, 462 SCRA 241 (2005); *Habana v. Robles*, 310 SCRA 511 (1999); & *ABS-CBN Corporation v. Gozon*, 753 SCRA 1 (2015).
25. *See* RUBEN E. AGPALO, STATUTORY CONSTRUCTION 106 (2003 ed.).
26. *Id.* at 106.
27. *Id.* (citing *Cu v. Republic of the Philippines* 89 Phil. 473, 478 (1951)).
28. *See W Land Holdings, Inc.*, 847 SCRA.

believes that another way to advance the goal of the IPOPHL is to study U.S. jurisprudence. Thus, this Article aims to analyze a few of the latest U.S. IP cases and see whether or not they apply in the Philippines.

The Author shall discuss the cases by providing a case brief for each of these cases followed by its key-takeaways and whether the case can be applied in the Philippine context. Part II of this Article will examine *Helsinn Healthcare S.A. v. Teva Pharmaceuticals USA, Inc., et al.*²⁹ Part III will study the alleged soon-to-be “[c]opyright [c]ase of the [c]entury”³⁰ of *Oracle America, Inc. v. Google LLC*.³¹ Part IV will discuss the “[n]ot-[s]o-[g]eneric”³² decision on a generic issue of *United States Patent and Trademark Office, et al., v. Booking.com B.V.*³³

II. PATENT: HELSINN HEALTHCARE S.A. V. TEVA PHARMACEUTICALS USA, INC., ET AL.

A. *Factual Antecedents*

Helsinn Healthcare S.A. (Helsinn) is a “supportive cancer care compan[y.]”³⁴ It develops oncology products to help the lives of cancer patients.³⁵ Helsinn manufactured Aloxi, a prescription medicine used to prevent the vomiting and nausea side effects of chemotherapy which contains palonosetron as one of its

29. *Helsinn Healthcare S.A. v. Teva Pharmaceuticals USA, Inc.*, 139 S. Ct. 628 (2019) (U.S.).

30. Michael W. Shore, Google on the Wrong Side of ‘Copyright Case of the Century’, *available at* https://www.realclearpolicy.com/2020/02/18/google_on_the_wrong_side_of_copyright_case_of_the_century_484269.html (last accessed Sep. 30, 2020).

31. *Oracle America, Inc. v. Google LLC*, 886 F.3d 1179 (Fed. Circ. 2018) (U.S.).

32. *Bea & VandenBerk*, Supreme Court to Hear “Not-So-Generic” Case Regarding Generic Trademarks, *available at* <https://www.beavandenberk.com/ip/copyright-tm/supreme-court-to-hear-not-so-generic-case-regarding-generic-trademarks/#:~:text=Booking.com%20B.V.%2C%20the%20U.S.,for%20an%20online%20travel%20website> (last accessed Sep. 30, 2020).

33. *United States Patent and Trademark Office v. Booking.com B.V.*, 140 S. Ct. 2298 (2020) (U.S.).

34. *Helsinn*, Our Business, *available at* <https://www.helsinn.com/our-business> (last accessed Sep. 30, 2020).

35. *Id.*

active ingredients.³⁶ Helsinn was given the right to develop palonosetron in 1998.³⁷ It conducted clinical trials to study the 0.25 mg and 0.75 mg dose of palonosetron.³⁸ In the year 2000, Helsinn sought marketing partners to help promote palonosetron.³⁹

Helsinn entered into a license agreement and a supply and purchase agreement with MGI Pharma, Inc. (MGI).⁴⁰ Under the license agreement, MGI was allowed to “distribute, promote, market, and sell the 0.25 mg and 0.75 mg doses of palonosetron in the [U.S.]”⁴¹ Under the supply and purchase agreement, Helsinn would be the exclusive seller of palonosetron to MGI.⁴² What was important about these two agreements was that “[b]oth agreements included dosage information and [a requirement that] MGI [] keep confidential any proprietary information received under the agreements.”⁴³ In the agreements’ press release and in the Securities and Exchange Commission report filed by MGI, the dosage information of palonosetron was not disclosed.⁴⁴

In 2003, Helsinn filed for a provisional patent for both the 0.25 mg and 0.75mg doses of the palonosetron.⁴⁵ The ‘219 Patent, which covered the “0.25 mg [dosage] of palonosetron in a 5 ml solution[,]”⁴⁶ was issued to Helsinn in 2013.⁴⁷ Patent ‘219 is the patent in issue in this case.⁴⁸

Teva Pharmaceutical Industries, Ltd., and Teva Pharmaceuticals USA, Inc. (Teva) were also engaged in the generic drugs and biopharmaceuticals

36. European Medicines Agency, Aloxi, *available at* <https://www.ema.europa.eu/en/medicines/human/EPAR/aloxi#product-information-section> (last accessed Sep. 30, 2020).

37. *Helsinn Healthcare S.A.*, 139 S. Ct. at 631.

38. *Id.*

39. *Id.*

40. *Id.*

41. *Id.*

42. *Id.*

43. *Helsinn Healthcare S.A.*, 139 S. Ct. at 631.

44. *Id.*

45. *Id.*

46. *Id.*

47. *Id.*

48. *Id.*

business.⁴⁹ It was when Teva sought the FDA approval to sell a 0.25mg dosage of palonosetron that Helsinn decided to take action.⁵⁰ Helsinn sued Teva for patent infringement because of the latter's use of a 0.25mg dosage of palonosetron.⁵¹ Teva argued that Helsinn's Patent '219 was void.⁵² According to Teva, Helsinn lost its right over the provisional patent when it entered into its agreements with MGI years prior to its provisional patent application.⁵³ On one hand, Teva argued that the dosages were not eligible for patent registration anymore because it ceased to be novel, one of the requirements for patent registration.⁵⁴ On the other hand, Helsinn argued that, though the sale was public, the dosages were not because of the sale's confidentiality clause.⁵⁵ Thus, the issue before the SCOTUS was "whether ... an inventor's sale of an invention to a third party who is obligated to keep the invention confidential qualifies as prior art for purposes of determining the patentability of the invention."⁵⁶

B. Ruling

The SCOTUS ruled in favor of Teva.⁵⁷ According to the SCOTUS, the Congress had intended to avoid "monopolies that unnecessarily stifle competition"⁵⁸ by implementing certain limitations in the federal patent system.⁵⁹ The on-sale bar is one of these limitations, and its application was the subject matter of this case.⁶⁰ Hence, an analysis of the Leahy-Smith America Invents Act's (AIA)⁶¹ on-sale bar was required.⁶²

49. Teva Pharmaceuticals, Who We Are, available at <https://www.tevapharm.com/our-company/who-we-are> (last accessed Sep. 30, 2020).

50. *Helsinn Healthcare S.A.*, 139 S. Ct. at 631.

51. *Id.*

52. *Id.*

53. *Id.*

54. *Id.*

55. *Id.*

56. *Helsinn Healthcare S.A.*, 139 S. Ct. at 632.

57. *Id.* at 634.

58. *Id.* at 632.

59. *Id.*

60. *Id.* at 630.

61. Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (2011).

62. *Id.* § 102 (a) (1).

The on-sale bar provides that if “the claimed invention was patented, described in a printed publication, or in public use, on sale, or otherwise available to the public before the effective filing date of the claimed invention[.]”⁶³ then the invention will cease to be novel.⁶⁴ If an invention ceases to be novel, it cannot be patented since novelty is one of the conditions for patentability.⁶⁵

The on-sale bar has been in patent statutes since 1836 and was retained in the AIA.⁶⁶ The only difference in the AIA’s version was the inclusion of the phrase “or otherwise available to the public[.]”⁶⁷ The SCOTUS concluded that the additional phrase did not change the meaning of the on-sale bar.⁶⁸ Hence, the jurisprudence interpreting the on-sale bar was still applicable.⁶⁹

Two elements must be satisfied for the on sale bar to take effect: (1) “the product must be the subject of a commercial offer for sale[.]”⁷⁰ and (2) “the invention must be ready for patenting.”⁷¹ The SCOTUS explained that case law on the interpretations of the on-sale bar “suggest[s] that a sale or offer of sale need not make an invention available to the public”⁷² for the on sale bar to take effect.⁷³ It further stated that jurisprudence “has long held that ‘secret sales’ can invalidate a patent.”⁷⁴ In conclusion, the SCOTUS ruled that “an inventor’s sale of an invention to a third party who is obligated to keep the invention confidential qualifies as prior art for purposes of determining the

63. *Id.*

64. *Id.*

65. *Id.*

66. *Id.*

67. Leahy-Smith America Invents Act, § 102 (a) (1).

68. *Helsinn Healthcare S.A.*, 139 S. Ct. at 633.

69. *See id.*

70. *Helsinn Healthcare S.A.*, 139 S. Ct. at 633 (citing *Pfaff v. Wells Electronics, Inc.*, 525 U.S. 55, 67 (1998)).

71. *Id.*

72. *Helsinn Healthcare S.A.*, 139 S. Ct. at 633.

73. *Id.*

74. *Id.*

patentability of the invention.”⁷⁵ Therefore, Patent ‘219 is invalid because it lacked one of the conditions of patentability: novelty.⁷⁶

C. Key Takeaways and Application in the Philippines

The *Helsinn Healthcare, S.A.* ruling received mixed reactions from experts in patent law.⁷⁷ These experts also mentioned the possible ramifications of this decision.⁷⁸ For starters, some have said that the ruling was in accordance with the intent of the Congress when it included the on-sale bar rule.⁷⁹ A contrary ruling would have allowed inventors to sell their inventions privately and, when the invention get disclosed inadvertently, file for patent protection to prevent further use.⁸⁰ Another expert explained that *Helsinn Healthcare, S.A.* now placed “patentees who depend on third-party distributors at a disadvantage relative to patentees who have the ability to distribute their patented products in-house.”⁸¹ The case was also described as an “[o]verreach” as the case left the interpretation of patent laws to the courts rather than relying on the context of that statute.⁸²

On the other hand, other experts mentioned that *Helsinn Healthcare, S.A.* merely maintains status quo.⁸³ The ruling simply clarified things to avoid confusion.⁸⁴ This ruling also affects how potential patentees will draft their

75. *Id.* at 632.

76. *Id.* at 629.

77. Eileen McDermott, *Industry Insiders: Opinions Mixed in Aftermath of Supreme Court Holding in Helsinn*, available at <https://www.ipwatchdog.com/2019/01/23/industry-insiders-aftermath-supreme-court-helsinn/id=105527> (last accessed Sep. 30, 2020) & Gene Quinn, *Supreme Court decides Helsinn v. Teva, Secret Sale Qualifies as Prior Art Under the AIA*, available at <https://www.ipwatchdog.com/2019/01/22/helsinn-v-teva-secret-sale-prior-art-aia/id=105492> (last accessed Sep. 30, 2020).

78. McDermott, *supra* note 77.

79. *Id.*

80. *Helsinn Healthcare S.A.*, 139 S. Ct. at 632-33 & McDermott, *supra* note 77.

81. McDermott, *supra* note 77.

82. *Id.*

83. *Id.* & Wolf, Greenfield & Sacks, P.C., *United States: Supreme Court Issues Decision In Helsinn v. Teva*, available at <https://www.mondaq.com/unitedstates/patent/775432/supreme-court-issues-decision-in-helsinn-v-teva> (last accessed Sep. 30, 2020).

84. McDermott, *supra* note 77.

agreements with third parties.⁸⁵ Internally, these potential patentees must now coordinate more with their marketing, legal, and research and development departments when entering into agreements as well as for the timing of said agreements.⁸⁶ Externally, potential patentees will now draft their contracts in such a way as to not constitute sales to negate the existence of the first element of the on-sale bar.⁸⁷ Regardless of what ramification comes to fruition, filing for patent protection as soon as possible would still be the best thing to do.⁸⁸

Many questions have also sprouted from *Helsinn Healthcare, S.A.*⁸⁹ Is there a degree of privacy or confidentiality that will not be covered by the on-sale bar?⁹⁰ Will an agreement not mentioning the invention at all be covered by this ruling?⁹¹ Will a sale to an entity or person abroad trigger the on-sale bar?⁹² These questions have yet to be answered by the SCOTUS.⁹³ More importantly for this Article, another question worth answering is whether *Helsinn Healthcare, S.A.*'s doctrine will apply in the Philippines.

A comparison of U.S. law and Philippine law must first be made to see whether the ruling can be adopted by the Philippines.⁹⁴ On one hand, the AIA is the law governing the federal patent system in the U.S.⁹⁵ Novelty, as a condition for patentability, is provided in Section 102, to wit —

85. *Id.*

86. *Id.*

87. *Id.*

88. McCarter & English, License to Sell Kills Patent: Supreme Court Holds Confidential Sales May Invalidate Patents in *Helsinn Healthcare SA v. Teva Pharmaceuticals USA, Inc.*, available at <https://www.mccarter.com/insights/license-to-sell-kills-patent-supreme-court-holds-confidential-sales-may-invalidate-patents-in-helsinn-healthcare-s-a-v-teva-pharmaceuticals-usa-inc> (last accessed Sep. 30, 2020).

89. Nixon Peabody, A Year Out and a Supreme Court Case Still Leaves Patent Questions Unanswered, available at <https://www.nixonpeabody.com/en/ideas/articles/2019/12/06/scotus-helsinn-decision> (last accessed Sep. 30, 2020).

90. *Id.*

91. *Id.*

92. *Id.*

93. *Id.*

94. AGPALO, *supra* note 25, at 106.

95. *Helsinn Healthcare S.A.*, 139 S. Ct. at 629.

(a) NOVELTY; PRIOR ART.—A person shall be entitled to a patent unless

—
(1) the claimed invention was patented, described in a printed publication, or in public use, on sale, or otherwise available to the public before the effective filing date of the claimed invention; or

(2) the claimed invention was described in a patent issued under section 151, or in an application for patent published or deemed published under section 122 (b), in which the patent or application, as the case may be, names another inventor and was effectively filed before the effective filing date of the claimed invention.⁹⁶

On the other hand, the IP Code is the statute governing patents in the Philippines.⁹⁷ Section 23 and 24 of the IP Code discuss novelty and prior art, as follows —

SEC. 23. *Novelty*. — An invention shall not be considered new if it forms part of a prior art.

SEC. 24. *Prior Art*. — Prior art shall consist of:

24.1. Everything which has been made available to the public anywhere in the world, before the filing date or the priority date of the application claiming the invention; and

24.2. The whole contents of an application for a patent, utility model, or industrial design registration, published in accordance with this Act, filed or effective in the Philippines, with a filing or priority date that is earlier than the filing or priority date of the application: *Provided*, That the application which has validly claimed the filing date of an earlier application under Section 31 of this Act, shall be prior art with effect as of the filing date of such earlier application: *Provided, further*, That the applicant or the inventor identified in both applications are not one and the same.⁹⁸

It is worth mentioning that both laws also have exceptions to the rule that public disclosures constitute prior art. An important exception in both the U.S. and Philippine statutes is that if the sale is made by the inventor within the year prior to filing, then the invention will not be considered prior art.⁹⁹ Thus, the secret sale in *Helsinn Healthcare, S.A.* would not have invalidated the

96. Leahy-Smith America Invents Act, § 102 (a).

97. An Act Prescribing the Intellectual Property Code and Establishing the Intellectual Property Office, Providing for its Powers and Functions, and for Other Purposes [INTELL. PROP. CODE], Republic Act No. 8293 (1998).

98. *Id.* §§ 23-24.

99. *Id.* § 25 & Leahy-Smith America Invents Act, § 102 (b).

patentability if *Helsinn* had filed the case within one year from the sale, instead of three.¹⁰⁰

So far, it appears that *Helsinn Healthcare, S.A.* can be applied in the Philippine context should the SC choose to apply it. However, there is a provision in *The Revised Implementing Rules and Regulations (IRR) for Patents, Utility Models and Industrial Designs Recently Amended by Memorandum Circular No. 17-013*¹⁰¹ (Patent Law IRR) which serves as a roadblock for the adoption of the *Helsinn Healthcare, S.A.* ruling.

Prior art is discussed by Rule 204 of the Patent Law IRR. The rule is as follows —

Rule 204. Prior Art. — Prior art shall consist of: (a) Everything made available to the public anywhere in the world by means of a written or oral disclosure, by use, or in any other way, before the filing date or the priority date of the application claiming the invention. *Information is deemed available to the public when it is not confidential or restricted to the use by a selective group.* Prior use and oral disclosure, whether within or outside the Philippines, must be proven with substantial evidence.¹⁰²

The issue resolved by *Helsinn Healthcare, S.A.* seems to already be answered by the Philippines' Patent Law IRR.¹⁰³ Unlike the *Helsinn Healthcare, S.A.* ruling, the Philippines and the Patent Law IRR took a different approach.¹⁰⁴ The SCOTUS, as well as the history of federal circuit court jurisprudence, have consistently ruled that “secret sales” form part of prior art.¹⁰⁵ On the other hand, the IP Code is silent on the matter, and it simply provides that “[e]verything which has been made available to the public anywhere in the world, before the filing date or the priority date of the application[,]” forms part of prior art.¹⁰⁶ The Patent Law IRR, however, adds to the definition of prior art by negatively defining “available to the public” as information that “is not confidential or restricted to the use by a selective

100. *Helsinn Healthcare S.A.*, 139 S. Ct. at 633.

101. Intellectual Property Office, Rules and Regulations Implementing the INTEL. PROP. CODE, Republic Act No. 8293 (2011).

102. *Id.* rule 204 (a) (emphasis supplied).

103. *See* Rules and Regulations Implementing the INTEL. PROP. CODE, rule 204 (a).

104. *Compare* Rules and Regulations Implementing the INTEL. PROP. CODE, rule 204 (a), *with* *Helsinn Healthcare S.A.*, 139 S. Ct. at 634.

105. *Helsinn Healthcare S.A.*, 139 S. Ct. at 633.

106. INTEL. PROP. CODE, § 24.1.

group.”¹⁰⁷ Therefore, the issue resolved in *Helsinn Healthcare, S.A.* may never present itself here in the Philippines. The Patent Law IRR already expressly provides that “secret sales” will NOT form part of prior art.¹⁰⁸

To conclude, the *Helsinn Healthcare, S.A.* doctrine may not have any persuasive effect in the Philippines because of Rule 204 of the Patent Law IRR. If a case were brought before the SC involving the same issues as *Helsinn Healthcare, S.A.*, the SC may simply point to Rule 204 of the Patent Law IRR. Unless the IPOPHL or the SC provides a different interpretation for Rule 204, a secret sale will not make the invention form part of prior art. The questions and ramifications raised by *Helsinn Healthcare, S.A.* will not disturb the legal community in the Philippines. Instead, other questions may be raised regarding Rule 204: what is the threshold of “selective group?” What are the standards of confidentiality to be considered as unavailable to the public? In the meantime, until these questions are answered, inventions in the Philippines subject of confidential sales will remain novel, and the *Helsinn Healthcare, S.A.* may have no application in the Philippines. Thus, it seems that an inventor can sell his invention to the public with a confidentiality clause and later, still seek patent registration to prevent the public from using his or her invention.

III. COPYRIGHT: ORACLE AMERICA, INC. V. GOOGLE LLC

A. *Factual Antecedents*

Unlike the other two cases in this Article, this case was decided by the United States Court of Appeals, Federal Circuit.¹⁰⁹ The case focused on the fair use defense,¹¹⁰ and the subject of the case was the Application Programming Interface (API) used by Google in its well-known Android operating system.¹¹¹

Java is a programming language that runs and is compatible on different types of computer hardware, eliminating the need for programmers to rewrite code for multiple platforms.¹¹² It provides programmers the convenience of

107. Rules and Regulations Implementing the INTELL. PROP. CODE, rule 204 (a).

108. See Rules and Regulations Implementing the INTELL. PROP. CODE, rule 204 (a).

109. *Oracle America, Inc.*, 886 F.3d at 1179.

110. *Id.* at 1185.

111. *Id.*

112. *Id.* at 1186.

writing the code for an application once and running it anywhere.¹¹³ Hence, the “write once, run anywhere” description.¹¹⁴

Java is free to use, and anyone can build applications with it.¹¹⁵ However, Oracle charges a license fee to those who want to use the API for competing platforms.¹¹⁶ Java is used to build Java APIs.¹¹⁷ This Java API is a collection of pre-written Java source code functions, applications, utilities, and tools.¹¹⁸ These pre-written utilities can be transposed by programmers into the programs they are developing,¹¹⁹ saving them the trouble of rewriting the code for these functions, applications, utilities, or tools.¹²⁰

These APIs require the use of a “declaring code” and an “implementing code” to be imported into another program.¹²¹ On one hand, a method declaration, or “declaring code” as used by the court, is a line of code that contains the “method signature.”¹²² A method signature consists of the method’s name and the data type that should be returned by that method.¹²³ In short, these “declare” whether a function yields a certain desired result in the prescribed data type, or no result at all. On the other hand, an implementation, or “implementing code” as used by the court, is a line of code that instructs the program to perform said function.¹²⁴

In 2005, Oracle had already licensed out the use of Java to 700 million computers.¹²⁵ It also licensed it out to mobile phones.¹²⁶ However, Oracle

113. *Id.*

114. *Id.* at 1186.

115. *Oracle America, Inc.*, 886 F.3d at 1187.

116. *Id.*

117. *Id.* at 1186.

118. *Id.*

119. Martin Gibbs, APIs in Java, *available at* <https://study.com/academy/lesson/apis-in-java.html> (last accessed Sep. 30, 2020).

120. *Oracle America, Inc.*, 886 F.3d at 1186.

121. *Id.*

122. Oracle, Defining Methods, *available at* <https://docs.oracle.com/javase/tutorial/java/javaOO/methods.html> (last accessed Sep. 30, 2020).

123. The Method Declaration, *available at* <http://journals.ecs.soton.ac.uk/java/tutorial/java/javaOO/methoddecl.html> (last accessed Sep. 30, 2020).

124. *Oracle America, Inc.*, 886 F.3d at 1186.

125. *Id.* at 1187.

126. *Id.*

had not developed its own mobile phone platform using the Java programming language.¹²⁷ The lower courts ruled that these declaring codes are eligible for copyright protection.¹²⁸ At issue in this case are 37 of those APIs.¹²⁹

A smartphone operating system that uses Java is Android, and this operating system belongs to the other party in this case: Google.¹³⁰ In 2005, Google purchased Android, Inc.¹³¹ Google and Oracle's predecessor, Sun Microsystems, Inc., were negotiating a licensing agreement for the use of Java for mobile phones.¹³² However, the deal eventually fell apart; and, despite the lack of an agreement, Google decided to use Java and "copied verbatim the declaring code of the 37 Java API packages[.]"¹³³ Google eventually released the Android operating system for use by smartphone manufacturers and "publishe[d] [its] source code for use [and free of] charge under an open source license."¹³⁴ Android generated huge amounts of profits for Google through ads.¹³⁵ On the other hand, Oracle lost profits because Android affected Oracle's licensing market. It claimed that its customers would use Android as a bargaining tool for discounts.¹³⁶ Thus, Oracle filed an infringement suit against Google in 2010.¹³⁷ Oracle claimed that Google infringed Oracle's copyright by copying the APIs and using the Java without the license to do so.¹³⁸

The jury found that Google infringed Oracle's copyright.¹³⁹ However, the district court ruled otherwise, stating that the APIs were not copyrightable

127. *Id.*

128. *Id.* at 1188.

129. *Id.*

130. *Oracle America, Inc.*, 886 F.3d at 1185.

131. *Id.* at 1187.

132. *Id.* at 1186.

133. *Id.* at 1187.

134. *Id.*

135. *Id.*

136. *Oracle America, Inc.*, 886 F.3d at 1188.

137. Complaint for Patent and Copyright Infringement and Demand for Jury Trial, Aug. 12, 2010 (available at http://i.i.cbsi.com/cnwk.id/i/ne/pdfs/FINAL_Complaint.pdf), in *Oracle America, Inc. v. Google LLC*, 886 F.3d 1179 (Fed. Circ. 2018) (U.S.).

138. *Id.* at 4.

139. *Oracle America, Inc.*, 886 F.3d at 1188.

in the first place.¹⁴⁰ Two appeals were then taken by Oracle to the federal circuit court.¹⁴¹ In the first appeal, the federal circuit court reversed the district court's decision that the APIs were not copyrightable and remanded the case to the district court to determine whether Google's use of Java was fair.¹⁴² This time, the jury in the remanded case found that Google's implementation of Java constituted fair use.¹⁴³ Pursuant to the jury's finding, Oracle decided to bring a second appeal to the same federal circuit court.¹⁴⁴ It is the ruling of the second appeal that is the subject of this Article. The issue of that case was whether Google's use of the APIs constituted fair use.¹⁴⁵

B. Ruling

Ultimately, the federal circuit court ruled in favor of Oracle and found that Google's use of the Java APIs was not fair.¹⁴⁶ In deciding cases of fair use, the law requires a case-to-case determination.¹⁴⁷ Thus, in arriving at its decision, the court considered the four factors of fair use, as dictated by statute.¹⁴⁸ This Article will go through the discussion of the court with respect to each factor.

1. The Purpose and Character of the Use

The court found that Google's use of the Java APIs weighed against the first factor of fair use.¹⁴⁹ In considering this factor, the courts must inquire into two components: "(1) whether the use is commercial in nature, rather than for educational or public interest purposes; and (2) 'whether the new work is transformative or simply supplants the original.'"¹⁵⁰ The former is a question

^{140.} *Id.* at 1183.

^{141.} *Id.* at 1185.

^{142.} *Id.*

^{143.} *Id.*

^{144.} *Id.* at 1185-86.

^{145.} *Oracle America, Inc.*, 886 F.3d at 1188.

^{146.} *Id.* at 1186.

^{147.} *Id.* at 1190 (citing Copyright Act of 1976, 17 U.S.C. § 107).

^{148.} *Id.*

^{149.} *Oracle America, Inc.*, 886 F.3d at 1197.

^{150.} *Id.* at 1196 (citing *Wall Data Inc. v. Los Angeles County Sheriff's Dept.*, 447 F.3d 769 (9th Cir. 2006) (U.S.)).

of fact while the latter is a question of law.¹⁵¹ Both of which were found by the courts to be against Google's use.¹⁵²

The lower court claimed that the jury could have found Google's use to have a non-commercial purpose because of its open-source nature.¹⁵³ A software is considered open-source when it is freely-distributed with its source code.¹⁵⁴ The receivers are then free to modify the accompanying source code and, thereafter, further redistribute the same.¹⁵⁵ In this case, Google said that it distributed Android "for free under an open source license"¹⁵⁶ to smartphone manufacturers and allowed them to modify the same. Thus, Google claimed its use lacked a commercial purpose.¹⁵⁷

The federal circuit court, in ruling against it, first explained that "[g]iving customers 'for free something they would ordinarily have to buy' can constitute commercial use."¹⁵⁸ It went on to say that non-commercial motives are irrelevant in determining this factor.¹⁵⁹ In further ruling against Google in this factor, the court explained that commerciality does not depend on the means by which Google earns its revenue.¹⁶⁰ In this case, Google may not have earned revenues from the use of Android, but it still earned revenues indirectly through its advertisements.¹⁶¹ To summarize, the court said that "[d]irect economic benefit is not required to demonstrate a commercial use."¹⁶²

151. *Oracle America, Inc.*, 886 F.3d at 1196.

152. *Id.*

153. *Id.* at 1197.

154. HowStuffWorks, What does open source mean?, available at <https://computer.howstuffworks.com/question435.htm> (last accessed Sep. 30, 2020).

155. *Id.*

156. *Oracle America, Inc.*, 886 F.3d at 1197.

157. *Id.*

158. *Id.* (citing *A&M Records, Inc. v. Napster, Inc.*, 239 F.3d 1004, 1015 (9th Cir. 2001) (U.S.)).

159. *Oracle America, Inc.*, 886 F.3d at 1197.

160. *Id.* at 1198.

161. *Id.*

162. *Id.* (citing *A&M Records, Inc.*, 239 F.3d at 1015).

Moving forward, the federal circuit court also ruled against Google on the issue of transformative use.¹⁶³ Citing an earlier SCOTUS ruling, the federal circuit court explained that “[t]ransformative works ‘lie at the heart of the fair use doctrine’s guarantee of breathing space within the confines of copyright, and the more transformative the new work, the less will be the significance of other factors, like commercialism, that may weigh against a finding of fair use.’”¹⁶⁴ It further explained that “[a] use is ‘transformative’ if it ‘adds something new, with a further purpose or different character, altering the first with new expression, meaning[,] or message’”¹⁶⁵ and that “[the] secondary work must either alter the original with new expression, meaning, or message or serve a new purpose distinct from that of the original work.”¹⁶⁶ A transformation yielding a different “intrinsic purpose” would be more favorable to the one claiming fair use.¹⁶⁷

In this case, the federal circuit court found that Google’s use was not transformative.¹⁶⁸ First, Google already admitted that the intrinsic purpose was the same.¹⁶⁹ Second, the federal circuit court ruled that using Java for smartphones, instead of computers, was not transformative.¹⁷⁰ Using copyrighted work in a different context does not make the use transformative unless it is “transformed into a new creation.”¹⁷¹ According to the court, “a use becomes transformative only if it serves a different purpose or alters the ‘expression, meaning, or message’ of the original work.”¹⁷² It also did not help Google’s cause that Java was already used for smartphones even prior to the development of Android.¹⁷³ Further, there was no transformation because

163. *Oracle America, Inc.*, 886 F.3d at 1198.

164. *Oracle America, Inc.*, 886 F.3d at 1198 (citing *Campbell v. Acuff—Rose Music, Inc.*, 510 U.S. 569, 579 (1994)).

165. *Id.*

166. *Id.*

167. *Oracle America, Inc.*, 886 F.3d at 1198 (citing *Worldwide Church of God v. Phila. Church of God, Inc.*, 227 F.3d 1110, 1117 (9th Cir. 2000) (U.S.)).

168. *Oracle America, Inc.*, 886 F.3d at 1199.

169. *Id.*

170. *Id.*

171. *Oracle America, Inc.*, 886 F.3d at 1202 (citing *Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d 1146, 1165 (9th Cir. 2007) (U.S.)).

172. *Oracle America, Inc.*, 886 F.3d at 1201-02 (citing *Kelly v. Arriba Soft Corp.*, 336 F.3d 811, 818 (9th Cir. 2003) (U.S.)).

173. *Oracle America, Inc.*, 886 F.3d at 1203.

Google copied the declaring codes verbatim.¹⁷⁴ The fact that Google copied only a part of the protected work does not make the copied portion transformative.¹⁷⁵ The court also noted that the introduction of Google's own implementing code did not make the use transformative.¹⁷⁶ Given the foregoing, the federal circuit court ruled that there was no transformative use because the "copying [was] verbatim, for an identical function and purpose, and there [were] no changes to the expressive content or message[.]"¹⁷⁷

2. Nature of the Copyrighted Work

Google's use of Java's APIs tilted in favor of the second factor of fair use.¹⁷⁸ However, the federal circuit court explained that the second factor of fair use carries little weight in determining the existence of fair use than the other factors.¹⁷⁹ This factor alone is insufficient to allow Google to be victorious in its claim of fair use.¹⁸⁰ The federal circuit court said that this factor requires a determination of whether the work is functional or creative.¹⁸¹ The APIs' functionality was necessary for the use of the Java APIs.¹⁸²

3. Amount and Substantiality of the Portion Used

The federal circuit court called it a tie between the two parties with respect to this factor.¹⁸³ According to the federal circuit court, the examination of the third factor involves more than just an assessment of the percentage of the amount copied as compared to the whole work.¹⁸⁴ In fact, an inquiry into the third factor "looks to the quantitative amount and qualitative value of the original work used in relation to the justification for its use."¹⁸⁵

174. *Id.* at 1201.

175. *Id.* at 1202.

176. *Id.* at 1201.

177. *Id.* at 1202.

178. *Id.* at 1205.

179. *Oracle America, Inc.*, 886 F.3d at 1205.

180. *Id.*

181. *Id.* at 1204.

182. *Id.*

183. *Id.* at 1207.

184. *Id.* at 1205.

185. *Oracle America, Inc.*, 886 F.3d at 1205.

The federal circuit court further explained that “this factor will not weigh against an alleged infringer, even when he copies the whole work, if he takes no more than is necessary for his intended use.”¹⁸⁶ However, the federal circuit court clarified that the prior statement will only apply if there is transformative use.¹⁸⁷ In this case, it was already stated that there was no transformative use and that Google had already admitted that it copied the APIs to attract programmers to the Android system.¹⁸⁸ Given the foregoing, even though Google only copied 37 API packages, the federal circuit court found that the copying was “qualitatively insignificant, particularly when the material copied was important to the creation of the Android platform.”¹⁸⁹

4. Effect Upon the Potential Market

The federal circuit court declared that the fourth factor was in Oracle’s favor.¹⁹⁰ According to this factor, fair use is allowed as long as the use “does not materially impair the marketability of the work which is copied.”¹⁹¹ The federal circuit court here reiterated that the fourth factor does not only concern itself with the effects to the actual or potential market but also the effects to the work’s derivative uses or areas of expansion.¹⁹²

Google argued that there was no harm to the computer market because its use of the Java APIs was for smartphones — an entirely different market.¹⁹³ The federal circuit court found no merit in that argument.¹⁹⁴ First, as already mentioned, Java was already being used in the mobile phone market even before Android was developed.¹⁹⁵ In fact, evidence was presented showing that some Java users in the smart phone market transferred to Android and, consequently, caused direct harm to Oracle’s market.¹⁹⁶

186. *Id.* at 1206 (citing *Kelly*, 336 F.3d at 820–21).

187. *Oracle America, Inc.*, 886 F.3d at 1205.

188. *Id.*

189. *Id.* at 1207.

190. *Id.* at 1210.

191. *Id.* at 1207 (citing *Harper & Row Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 566–67 (1985)).

192. *Oracle America, Inc.*, 886 F.3d at 1208 (citing *Campbell*, 510 U.S. at 592).

193. *Oracle America, Inc.*, 886 F.3d at 1209.

194. *Id.*

195. *Id.*

196. *Id.*

Second, Google's use of Java affected a possible area for business expansion for Oracle — the smart phone market.¹⁹⁷ Google argued that Android did not affect Oracle's potential market because they were not direct competitors.¹⁹⁸ Google claimed that Oracle was neither a device maker nor had Oracle ever developed a smart phone.¹⁹⁹ The federal circuit court likewise found these arguments unmeritorious.²⁰⁰ As mentioned above, "the law recognizes and protects a copyright owner's right to enter a 'potential market[.]'"²⁰¹ Further, "a market is a potential market even where the copyright owner has no immediate plans to enter it or is unsuccessful in doing so."²⁰² Evidence presented showed Oracle's intention to license Java in smartphones.²⁰³ Thus, the development of Android clearly affected that market.²⁰⁴

In summary, the federal circuit court, as mentioned above, ultimately found that Google's use of the Java APIs was not fair.²⁰⁵ It was never the purpose of the concept of fair use to allow one to replicate a copyrighted work and use it for the same purpose, even if the same is in a different context.²⁰⁶ After assessing each of the fair use factors, an absence of fair use was the final ruling.²⁰⁷

C. Key Takeaways and Application in the Philippines

What are some notable key takeaways of this case? First, there is no transformative use if a software application or a software code is applied in a different context²⁰⁸ or if the application or code used in a different context has

197. *Id.*

198. *Id.*

199. *Oracle America, Inc.*, 886 F.3d at 1209.

200. *Id.* at 1209-10.

201. *Id.* at 1210.

202. *Id.*

203. *Id.*

204. *Id.*

205. *Oracle America, Inc.*, 886 F.3d at 1210.

206. *Id.*

207. *Id.*

208. Sarah Parker & Jason Rosenberg, *Oracle v. Google Proves Again Why Fair Use Is So Troublesome* (An Advisory by Alston & Bird LLP) at 2, available at <https://www.alston.com/-/media/files/insights/publications/2018/04/183156-oracle-v-google-proves-again-why-fair-use-i.pdf> (last accessed Sep. 30, 2020).

already been used by similar applications.²⁰⁹ Second, it appears that, according to the federal circuit court, the second factor is “insignificant” when balancing the four factors of fair use when the use is not transformative.²¹⁰ Third, an inquiry into the third factor requires both a quantitative and qualitative assessment.²¹¹ Lastly, the determination of the existence of fair use covers not only the present market but also possible areas of business expansion.²¹²

The ruling of the federal circuit court will affect software development.²¹³ APIs are used by a lot of other software developers precisely for the reason that they were created — “write once, run anywhere.”²¹⁴ In fact, APIs are not exclusive to Java; many other programs have their own APIs.²¹⁵ In light of this ruling, software developers must now be wary of the APIs they use.²¹⁶ To be safe, they must now either just pay for a license to use said APIs or write their own from scratch.²¹⁷ The Philippines also has some tech companies that use ready-made APIs as well as develop their own.²¹⁸ This ruling, if applied locally, can affect how these up and coming Philippine tech companies use APIs. The question now is whether this ruling can be adopted locally.

209. Jie Lian, Oracle America v. Google, Free Java: Fair or Unfair?, *available at* <https://www.ipwatchdog.com/2018/07/09/oracle-america-v-google-free-java-fair-or-unfair/id=98763> (last accessed Sep. 30, 2020).

210. *Id.*

211. Parker & Rosenberg, *supra* note 208, at 2.

212. *Oracle America, Inc.*, 886 F.3d at 1209.

213. Parker & Rosenberg, *supra* note 208, at 2; Dorothy R. Auth & Howard Wizenfeld, Google v. Oracle: Will Software Be Free?, *available at* <https://www.natlawreview.com/article/google-v-oracle-will-software-be-free> (last accessed Sep. 30, 2020); & Dugie Standeford, Federal Circuit Ruling in Oracle v. Google Could Affect Global Software Industry, *available at* <https://www.ip-watch.org/2018/04/03/federal-circuit-ruling-oracle-v-google-affect-global-software-industry> (last accessed Sep. 30, 2020).

214. *Oracle America, Inc.*, 886 F.3d at 1186.

215. Tyler Elliot Bettilyon, What Is an API and Why Should I Use One?, *available at* <https://medium.com/@TebbaVonMathenstien/what-is-an-api-and-why-should-i-use-one-863c3365726b> (last accessed Sep. 30, 2020).

216. Lian, *supra* note 209.

217. Auth & Wizenfeld, *supra* note 213.

218. Interview with Lorenzo S. Doromal, in Pasig City, Philippines (Aug. 4, 2020). He is a computer programmer and the current Chief Technology Officer of Advance.

As mentioned, adopting U.S. jurisprudence is not unheard of in the Philippines.²¹⁹ The same is permitted when the Philippine law and the U.S. law are the same or similar²²⁰ and provided that the U.S. jurisprudence sought to be applied is not contrary to laws or public policy.²²¹ Thus, to begin the analysis, a comparison must be made between the copyright laws of the U.S. and the Philippines — specifically, their provisions on the subject matters of copyright and fair use.

In the U.S., the provision providing the subject matter of copyright is as follows —

§102. Subject matter of copyright: In general[:]

(a) Copyright protection subsists, in accordance with this title, in original works of authorship fixed in any tangible medium of expression, now known or later developed, from which they can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device. Works of authorship include the following categories:

- (1) literary works;
- (2) musical works, including any accompanying words;
- (3) dramatic works, including any accompanying music;
- (4) pantomimes and choreographic works;
- (5) pictorial, graphic, and sculptural works;
- (6) motion pictures and other audiovisual works;
- (7) sound recordings; and
- (8) architectural works.

(b) In no case does copyright protection for an original work of authorship extend to any idea, procedure, process, system, method of operation, concept, principle, or discovery, regardless of the form in which it is described, explained, illustrated, or embodied in such work.²²²

219. AGPALO, *supra* note 25, at 106.

220. *Id.* (citing *Wise & Co. v. Meer*, 78 Phil. 655 (1947) & *Carolina Industries, Inc. v. CMS Stock Brokerage, Inc.*, 97 SCRA 734 (1980)).

221. AGPALO, *supra* note 25, at 106 (citing *Cu*, 89 Phil.).

222. Copyright Act of 1976, § 102.

In the 1980s, an amendment was introduced “unambiguously extend[ing] copyright protection to computer programs.”²²³ Next, the provision on fair use is as follows —

Notwithstanding the provisions of sections 106 and 106A, the fair use of a copyrighted work, including such use by reproduction in copies or phonorecords or by any other means specified by that section, for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research, is not an infringement of copyright. In determining whether the use made of a work in any particular case is a fair use the factors to be considered shall include[:]

- (1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
- (2) the nature of the copyrighted work;
- (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
- (4) the effect of the use upon the potential market for or value of the copyrighted work. The fact that a work is unpublished shall not itself bar a finding of fair use if such finding is made upon consideration of all the above factors.²²⁴

On the other hand, the Philippine provisions are quite similar. The objects entitled to copyright protection are enumerated by Sec. 172 of the IP Code, to wit —

SECTION 172. Literary and Artistic Works. — 172.1. Literary and artistic works, hereinafter referred to as “works”, are original intellectual creations in the literary and artistic domain protected from the moment of their creation and shall include in particular:

- (a) Books, pamphlets, articles[,] and other writings;
- (b) Periodicals and newspapers;
- (c) Lectures, sermons, addresses, dissertations prepared for oral delivery, whether or not reduced in writing or other material form;
- (d) Letters;
- (e) Dramatic or dramatico-musical compositions; choreographic works[,] or entertainment in dumb shows;
- (f) Musical compositions, with or without words;

223. *Oracle America, Inc.*, 886 F.3d at 1204 (citing *Wall Data Inc.*, 447 F.3d at 780).

224. Copyright Act of 1976, § 107.

- (g) Works of drawing, painting, architecture, sculpture, engraving, lithography[,] or other works of art; models or designs for works of art;
- (h) Original ornamental designs or models for articles of manufacture, whether or not registrable as an industrial design, and other works of applied art;
- (i) Illustrations, maps, plans, sketches, charts[,] and three-dimensional works relative to geography, topography, architecture[,] or science;
- (j) Drawings or plastic works of a scientific or technical character;
- (k) Photographic works including works produced by a process analogous to photography; lantern slides;
- (l) Audiovisual works and cinematographic works and works produced by a process analogous to cinematography or any process for making audio-visual recordings;
- (m) Pictorial illustrations and advertisements;
- (n) Computer programs; and
- (o) Other literary, scholarly, scientific[,] and artistic works.

172.2. Works are protected by the sole fact of their creation, irrespective of their mode or form of expression, as well as of their content, quality and purpose.²²⁵

While the provision on fair use is as follows —

SECTION 185. Fair Use of a Copyrighted Work. - 185.1. The fair use of a copyrighted work for criticism, comment, news reporting, teaching including limited number of copies for classroom use, scholarship, research, and similar purposes is not an infringement of copyright. Decompilation, which is understood here to be the reproduction of the code and translation of the forms of a computer program to achieve the interoperability of an independently created computer program with other programs may also constitute fair use under the criteria established by this section, to the extent that such decompilation is done for the purpose of obtaining the information necessary to achieve such interoperability. In determining whether the use made of a work in any particular case is fair use, the factors to be considered shall include:

- (a) The purpose and character of the use, including whether such use is of a commercial nature or is for non-profit educational purposes;
- (b) The nature of the copyrighted work;

225. INTELL. PROP. CODE, §§ 172.1 & 172.2.

- (c) The amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
- (d) The effect of the use upon the potential market for or value of the copyrighted work.

185.2. The fact that a work is unpublished shall not by itself bar a finding of fair use if such finding is made upon consideration of all the above factors.²²⁶

A comparison of the above provisions will show that the provisions are similar. The only significant difference is the inclusion of the process of “decompilation” in the IP Code’s fair use provision.²²⁷ Thus, it would be safe to assume that the federal circuit court decision can be applied in the Philippines.

Adopting this federal circuit court decision would not be the first time the SC has applied a U.S. federal circuit court decision in Copyright cases. In fact, the SC has cited federal circuit court decisions in the cases of *Ching v. Salinas, Sr.*,²²⁸ *Habana v. Robles*,²²⁹ *Olaño vs. Lim Eng Co*,²³⁰ and *ABS-CBN v. Gozon*.²³¹ Therefore, it would not be unusual for the SC to apply a federal circuit court decision when the issue requires the application of U.S. jurisprudence.

Philippine jurisprudence is bereft of any case involving computer programs and copyright. In fact, there is even a scarcity of fair use cases in Philippine jurisprudence.²³²

One case that discussed fair use is the case of *Habana v. Robles*. The issue in this case involved the writer’s right to fair use.²³³ According to the writer’s right to fair use, quoting published works shall be allowed provided that the quotations are compatible with fair use, only to the extent justified for the

226. *Id.* §§ 185.1 & 185.2.

227. *Id.* §§ 185.1.

228. *Ching v. Salinas, Sr.*, 462 SCRA 241, 252 (2005) (citing *Apple Barrel Productions, Inc. v. Beard*, 730 F.2d 384, 391 n. 3 (5th Cir. 1984) (U.S.) & *Durham Industries, Inc. v. Tomy Corp.*, 630 F.2d 205, 908 (2d Cir. 1980) (U.S.)).

229. *Habana v. Robles*, 310 SCRA 511, 537 (1999).

230. *Olaño v. Lim Eng Co*, 787 SCRA 272, 294 (2016) (citing *Chosun International, Inc. v. Chirisa Creations, Ltd.*, 413 F.3d 324, 328 (2nd Cir. 2005) (U.S.)).

231. *ABS-CBN Corporation v. Gozon*, 753 SCRA 1 (2015).

232. Intellectual Property Office, NIPS, *supra* note 1, at 17.

233. *Habana*, 310 SCRA at 521.

purpose, and that the author of the quote is cited.²³⁴ The case discussed the definition of “substantial reproduction of a book[.]”²³⁵ The SC said that in determining substantial reproduction it is not a quantitative determination of the amount copied but whether the copied portion diminishes the value of the original work.²³⁶ However, it is worth noting that the law applied in this ruling was still Presidential Decree No. 94,²³⁷ and the said law did not contain the four-factor test we know today.²³⁸

The most recent case that involved an in-depth discussion of fair use and its four factors is *ABS-CBN v. Gozon*. In that case, similar to U.S. jurisprudence on fair use, the SC said that the determination of fair use requires an inquiry into the four factors listed in the statute.²³⁹

The SC elaborated on the four-factor test in *ABS-CBN v. Gozon*, similar to what the federal circuit court did in *Oracle America, Inc.*. In assessing the first factor, the purpose and character of the use must be for “criticism, comment, news reporting, teaching including multiple copies for classroom use, scholarship, research, [] similar purposes[.]” or for decompilation.²⁴⁰ Similar to the *Oracle America Inc.* case, a commercial purpose behind the use tends to negate the existence of fair use.²⁴¹ The “transformative test” was likewise applied by the SC for this factor.²⁴² The second factor is, according to the SC, “significant in deciding whether its use was fair. If the nature of the work is more factual than creative, then fair use will be weighed in favor of the user.”²⁴³ Moving on, the third factor is the “amount and substantiality of the portion used in relation to the copyrighted work as a whole[.]”²⁴⁴ The SC said that “[a]n exact reproduction of a copyrighted work, compared to a small portion of it, can result in the conclusion that its use is not fair. There may also be cases where, though the entirety of the copyrighted work is used

234. INTELL. PROP. CODE, § 184 (b).

235. *Habana*, 310 SCRA at 524.

236. *Id.*

237. *Id.* at 532.

238. Christopher L. Lim, *The Development of Philippine Copyright Law*, 46 ATENEO L.J. 368, 376 (2001).

239. *ABS-CBN Corporation*, 753 SCRA at 58.

240. *Id.* at 58-59 (citing INTELL. PROP. CODE, § 185).

241. *ABS-CBN Corporation*, 753 SCRA at 59.

242. *Id.*

243. *Id.* (emphasis supplied).

244. *Id.* at 58 (citing INTELL. PROP. CODE, § 185 (c)).

without consent, its purpose determines that the usage is still fair.”²⁴⁵ Lastly, a “negative impact on the copyrighted work’s market” will weigh heavily against fair use.²⁴⁶

The SC’s abovementioned discussion may change once it is faced with a case involving computer programs and copyright. Before delving into the discussion on fair use, the issue of whether the computer program is copyrightable should first be compared. In the Philippines, there is no issue on this matter because Section 172 of the IP Code lists computer programs as among the works entitled to copyright protection.²⁴⁷ In the U.S., however, the topic is still being debated, but it will soon be laid to rest.²⁴⁸

Now, on to the discussion on its effects on the Philippines’ fair use doctrines. The transformative test will be more specific in that merely applying it in a different context shall not be considered transformative.²⁴⁹ Neither will a mere change in format be considered transformative.²⁵⁰ The second factor, which the SC specifically mentioned as being “significant”²⁵¹ may “not be terribly significant” moving forward when determining fair use, as described in U.S. jurisprudence.²⁵² The third factor will now make an inquiry into both the quantitative and qualitative value of the work use in relation to the whole.²⁵³ Lastly, the fourth factor will not only look at the effects of the use to present market but also its effects to the possible markets into which the business can venture into.²⁵⁴

At the end of the day, the SC is the one that will decide whether to adopt this ruling or make its own ruling on the matter. The SC has relied on U.S. jurisprudence when the IP Code was silent on a certain matter in previous

245. *ABS-CBN Corporation*, 753 SCRA at 59-60.

246. *Id.* at 60.

247. INTELL. PROP. CODE, § 172.

248. Scott Graham, Supreme Court, Finally, Takes Up ‘Google v. Oracle’, *available at* <https://www.law.com/nationallawjournal/2019/11/15/supreme-court-finally-takes-up-google-v-oracle> (last accessed Sep. 30, 2020).

249. Parker & Rosenberg, *supra* note 208, at 2.

250. *Id.*

251. *ABS-CBN Corporation*, 753 SCRA at 59.

252. *See Oracle America, Inc.*, 886 F.3d at 1205.

253. Parker & Rosenberg, *supra* note 208, at 2.

254. Lian, *supra* note 209.

Copyright cases.²⁵⁵ Thus, it is possible that the SC will also turn to *Oracle America, Inc.* when faced with the issue on fair use and APIs — a matter on which the IP Code and jurisprudence is silent.

In conclusion, can the SC adopt *Oracle America, Inc.* ruling? Based on the above analysis, the answer is in the affirmative. However, should the SC adopt the *Oracle America, Inc.* ruling? Probably not. As mentioned, fair use cases should be decided on a case-to-case basis.²⁵⁶ The SC may be faced with a different set of facts involving similar issues or in the future when the understanding or use of APIs has changed. Additionally, the *Oracle America, Inc.* is still subject to change.²⁵⁷ At the time of the writing this Article, the SCOTUS has decided to take up the case and put to rest this decade long battle.²⁵⁸ However, the end of the battle will have to wait as the case has been postponed due to the COVID-19 pandemic.²⁵⁹

This case is labeled as the “copyright case of the century” and rightly so.²⁶⁰ Other tech giants, like Microsoft, IBM, and Mozilla, have decided to join the fight and filed their corresponding briefs to support Google’s cause.²⁶¹ The

255. See Ching, 462 SCRA; & Olaño, 787 SCRA.

256. *ABS-CBN Corporation*, 753 SCRA at 85.

257. See Auth & Wizenfeld, *supra* note 213.

258. Graham, *supra* note 248.

259. Ariel Shapiro, Supreme Court Suspends Hearings For First Time In A Century Due To Coronavirus, *available at* <https://www.forbes.com/sites/arielshapiro/2020/03/16/supreme-court-suspends-hearings-for-first-time-in-a-century-due-to-coronavirus/#3fc19c4c2fbb> (last accessed Sep. 30, 2020).

260. Auth & Wizenfeld, *supra* note 213; Josh Hammer, Google’s Supreme Court bid to legalize intellectual property theft, *available at* <https://nypost.com/2020/03/12/googles-supreme-court-bid-to-legalize-intellectual-property-theft/#:~:text=Oracle%E2%80%94widely%20dubbed%E2%80%9Cthe%20copyright,stop%20Google%20in%20its%20tracks.&text=In%20the%20litigation%20that%20followed,fair%20use%E2%80%9D%20of%20Oracle’s%20code> (last accessed Sep. 30, 2020); & Jeff John Roberts, Oracle and Google are about to face off in tech’s trial of the century, *available at* <https://fortune.com/2020/02/17/google-oracle-supreme-court-case-apis> (last accessed Sep. 30, 2020).

261. Adi Robertson, Some of Google’s biggest rivals are taking its side in a Supreme Court battle, *available at* <https://www.theverge.com/2020/1/14/21059180/oracle-google-supreme-court-copyright-lawsuit-amicus-brief-filings> (last accessed Sep. 30, 2020) & Rina Diane Caballar, Google v. Oracle Explained: The Fight for Interoperable Software, *available at* <https://spectrum.ieee.org/tech-talk/computing/software/google-v-oracle-explained-supreme-court-news-apis-software> (last accessed Sep. 30, 2020).

decision will have ramifications on software development as well as software interoperability.²⁶² The SCOTUS will decide on the following: “(1) [w]hether copyright protection extends to a software interface; and (2) whether, as the jury found, [] [Google]’s use of a software interface in the context of creating a new computer program constitutes fair use.”²⁶³ If the SCOTUS sides with Oracle on this matter then software developers will now either have to pay for licenses to use Java, which was formerly free, or write their own code.²⁶⁴ On the other hand, a ruling in favor of Google will maintain the status quo with respect to software development.²⁶⁵ It is predicted that there will be an increase in software infringement cases regardless of the outcome.²⁶⁶ Though this ruling can already add to the fair use doctrines in the Philippines, the *Oracle America, Inc.* ruling might still be changed. Exciting times lie ahead as the SCOTUS can finally resolve the issues and put an end to the debate.

IV. TRADEMARK: UNITED STATES PATENT AND TRADEMARK OFFICE ET AL. V. BOOKING.COM B.V.

A. *Factual Antecedents*

Booking.com is “one of the world’s leading digital travel companies.”²⁶⁷ They are a Dutch company that wishes to make experiencing the world much

262. Robert S. Rigg & Sudip K. Mitra, *Google v. Oracle and the Future of Software Development*, available at <https://www.natlawreview.com/article/google-v-oracle-and-future-software-development> (last accessed Sep. 30, 2020).

263. Supreme Court of the United States Blog, *Google LLC v. Oracle America Inc.*, available at <https://www.scotusblog.com/case-files/cases/google-llc-v-oracle-america-inc> (last accessed Sep. 30, 2020).

264. Auth & Wizenfeld, *supra* note 213 & Lian, *supra* note 209.

265. Caballar, *supra* note 261.

266. Derek Handova, *Google v. Oracle and the Battle to Protect Software Via Copyright*, available at <https://www.ipwatchdog.com/2019/05/01/google-v-oracle-battle-protect-software-via-copyright/id=108753> (last accessed Sep. 30, 2020).

267. Booking.com, *About Booking.com*, available at <https://www.booking.com/content/about.html?label=gen173nr-1FCAEoggI46AdIM1gEaLQBiAEBmAEXuAEHyAEM2AEB6AEB-AECiAIBqAIDuALAZqr4BcACAdICJDNiNzBjYjgyLWZiYmEtNGMxOSo4YjA5LTIyMmZhODI1YWJkYdgCBeACAQ;sid=8a61620049818ab4060bc031a017cd75> (last accessed Sep. 30, 2020).

easier.²⁶⁸ Booking.com is both the name of the company and its website.²⁶⁹ As such, Booking.com sought for trademark registration over four marks for travel services, all of which contained their name “Booking.com.”²⁷⁰

The United States Patent and Trade Office (PTO) denied the registration of the term “Booking.com” because it was a generic term for the services sought to be covered by such mark.²⁷¹ As explained by the PTO, “‘Booking’ ... means making travel reservations, and ‘.com’ signifies a commercial website[.]” [and] ... that “‘customers would understand the term [‘Booking.com’] primarily to refer to an online reservation service for travel, tours, and lodgings.’”²⁷² Cases were brought before the lower courts ultimately resulting Booking.com retaining its generic status.²⁷³ Hence, the case was brought to the SCOTUS.²⁷⁴ The issue before the SCOTUS was “whether a term that takes the form ‘generic.com’ is generic in the ordinary course.”²⁷⁵

B. Ruling

The majority opinion ruling in favor of Booking.com was penned by Justice Ruth Bader Ginsburg, with Justice Stephen Breyer dissenting.²⁷⁶ In arriving at its conclusion, the SCOTUS laid down the guiding principles in determining whether a mark is generic.²⁷⁷ The principles are as follows —

- (1) “[A] ‘generic’ term names a ‘class’ of goods or services, rather than any particular feature or exemplification of the class[.]”²⁷⁸
- (2) “[F]or a compound term, the distinctiveness inquiry trains on the term’s meaning as a whole, not its parts in isolation[.]”²⁷⁹
and

268. *Id.*

269. *Booking.com B.V.*, 140 S. Ct. at 2301.

270. *Id.* at 2303.

271. *Id.*

272. *Id.*

273. *Id.*

274. *Id.* at 2304.

275. *Booking.com B.V.*, 140 S. Ct. at 2311 (J. Breyer, dissenting opinion).

276. *Id.* at 2299 (majority opinion).

277. *Id.* at 2304.

278. *Id.*

279. *Id.*

- (3) “[T]he relevant meaning of a term is its meaning to consumers.”²⁸⁰

Summarily, the SCOTUS said that “[e]ligibility for registration ... turns on the mark’s capacity to ‘distinguis[h]’ goods ‘in commerce.’”²⁸¹ The test to determine whether the mark is generic is its significance to the market.²⁸² Given the foregoing, the SCOTUS explained that the determination of whether “Booking.com” is a generic mark will be based on whether the public perceives the mark to be related to the online hotel services business.²⁸³ Thus, the term “Booking.com” will be considered generic if the public uses “Booking.com” as a generic term to classify online travel services.²⁸⁴ The SCOTUS found that the public did not perceive “Booking.com” to be a class of online travel services because this determination by the lower courts was not contradicted by the PTO.²⁸⁵ Consequently, the Court concluded that “Booking.com” is not a generic term.²⁸⁶ Thereafter, the SCOTUS went on to rebut the arguments thrown by the PTO to support its conclusion.²⁸⁷

The PTO argued that a generic term plus a “.com” does not make its sum eligible for trademark registration, similar to how a generic term plus the word “company” is not eligible for trademark registration.²⁸⁸ The SCOTUS said the analogy was wrong. It explained, citing the PTO and the dissent, that “only one entity can occupy a particular Internet domain name at a time, so ‘[a] consumer who is familiar with that aspect of the domain-name system can infer that [Booking.com] refers to some specific entity.’”²⁸⁹ Therefore, the SCOTUS said that a consumer can attach a specific website and its owner to the resulting “generic.com”.²⁹⁰

280. *Id.*

281. *Booking.com B.V.*, 140 S. Ct. at 2304 (citing The Lanham Act, 15 U.S.C. § 1052).

282. *Booking.com B.V.*, 140 S. Ct. at 2304 (citing The Lanham Act, § 1064 (3)).

283. *Booking.com B.V.*, 140 S. Ct. at 2304.

284. *Id.* at 2305.

285. *Id.*

286. *Id.*

287. *Id.*

288. *Id.*

289. *Booking.com B.V.*, 140 S. Ct. at 2306.

290. *Id.*

The next argument of the PTO was that allowing the registration of a “generic.com” would be anti-competitive.²⁹¹ It claims that competitors will not be able to use words like “booking” on its website or domain name if the registration of “Booking.com” is allowed (e.g., “ebooking.com” or “hotel-booking.com”).²⁹² The SCOTUS said that the PTO’s argument would apply to any descriptive mark.²⁹³ However, at the end of the day, infringement is determined by the likelihood of confusion of the infringing mark and not mere similarity of the marks.²⁹⁴ The SCOTUS explained that there is less likelihood of confusion when a mark is weak and thus results in less infringement rulings.²⁹⁵ Booking.com acknowledged the weakness of its name and understands that other people are still free to use the word “booking.”²⁹⁶

Lastly, the PTO argued that the advantages of owning a “generic.com” domain name outweigh the need for trademark registration.²⁹⁷ Owning the domain name already entitles its owner to the exclusive use of the name.²⁹⁸ The PTO further explains that a search of anything related to booking will lead a consumer directly to Booking.com.²⁹⁹ The SCOTUS rebutted the argument by stating that this advantage is not sufficient to deny a mark trademark registration.³⁰⁰ There is no showing that the exclusive use of a domain name should result in the domain name being a generic mark.³⁰¹ In fact, the SCOTUS said that trademark registration is even more appropriate because of such exclusive use.³⁰² Any descriptive mark would necessarily lead to a product or service it describes upon search.³⁰³ Thus, this argument must likewise fail.

291. *Id.* at 2307.

292. *Id.*

293. *Id.* at 2308.

294. *Id.* at 2307.

295. *Booking.com B.V.*, 140 S. Ct. at 2308.

296. *Id.*

297. *Id.*

298. *Id.*

299. *Id.*

300. *Id.*

301. *Booking.com B.V.*, 140 S. Ct. at 2308.

302. *Id.*

303. *Id.*

In the end, the SCOTUS said that “[a] compound of generic elements is generic if the combination yields no additional meaning to consumers capable of distinguishing the goods or services.”³⁰⁴ In short, it’s up to the consumer to decide, specifically their perception of the “generic.com.”³⁰⁵ Thus, “[a] term styled ‘generic.com’ is a generic name for a class of goods or services only if the term has that meaning to consumers.”³⁰⁶

C. Key Takeaways and Application in the Philippines

If beauty is in the eye of the beholder, genericness is in the eyes of the consumers. The key takeaway of this ruling is basically that a “generic.com” will not be considered generic for purposes of trademark registration as long as the public does not perceive the “generic.com” as a class of product or services.³⁰⁷ It appears that the ruling was well received by IP practitioners in the U.S.,³⁰⁸ with a little negative feedback and a dissenting opinion.³⁰⁹

For starters, IP practitioners believe that this ruling will cause an influx of trademark registrations for “generic.coms.”³¹⁰ In seeking registration, companies may look to spend more to conduct surveys to determine the customer perception of the sought mark.³¹¹ Evidence in trademark litigation will also be affected because presenting surveys of consumer perception may now be vital to one’s case.³¹² Another ramification is that “generic.coms”

304. *Id.* at 2306 (emphasis omitted).

305. *Id.*

306. *Id.* at 2300.

307. *Booking.com B.V.*, 140 S. Ct. at 2307.

308. See Eileen McDermott, *The Consumer is King: High Court Sides with Booking.com, Rejecting Per Se Test for Generic.Com Trademarks*, available at <https://www.ipwatchdog.com/2020/06/30/the-consumer-is-king-high-court-sides-with-booking-com-rejecting-per-se-test-for-generic-com-trademarks/id=122960> (last accessed Sep. 30, 2020) [hereinafter McDermott, *The Consumer is King*].

309. *Id.*

310. Vinson & Elkins, *Supreme Court Revises the Book on Generic Terms in Booking.com*, available at <https://www.velaw.com/insights/supreme-court-revises-the-book-on-generic-terms-in-booking-com> (last accessed Sep. 30, 2020).

311. McDermott, *The Consumer is King*, *supra* note 308.

312. Jessica Litman, *Opinion analysis: Court holds that “generic.com” marks may be registered trademarks or service marks when consumers do not perceive them as generic*, available at <https://www.scotusblog.com/2020/06/opinion-analysis->

sought to be registered will not be rejected outright.³¹³ The trademark examiner will now have to examine the consumer perception of the mark before granting trademark protection or denying it for being generic.³¹⁴

A comparison of the U.S. and Philippine trademark laws will show that the two have similarities with respect to the treatment of generic marks. Both laws do not extend protection to generic marks.³¹⁵ The U.S. provisions governing generic marks are as follows —

15 U.S. Code § 1052. *Trademarks registrable on the principal register; concurrent registration*

No trademark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration on the principal register on account of its nature unless it— (a) Consists of or comprises 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; or a geographical indication which, when used on or in connection with wines or spirits, identifies a place other than the origin of the goods and is first used on or in connection with wines or spirits by the applicant on or after one year after the date on which the WTO Agreement (as defined in section 3501 (9) of title 19) enters into force with respect to the United States.³¹⁶

15 U.S.C. § 1064. *Cancellation*

A petition to cancel a registration of a mark, stating the grounds relied upon, may, upon payment of the prescribed fee, be filed as follows by any person who believes that he is or will be damaged, including as a result of a likelihood of dilution by blurring or dilution by tarnishment under section 1125 (c) of this title, by the registration of a mark on the principal register established by this chapter, or under the Act of March 3, 1881, or the Act of [20 February] 1905:

...

- (3) At any time if the registered mark becomes the generic name for the goods or services, or a portion thereof, for which it is registered, or is functional, or has been abandoned, or its registration was

court-holds-that-generic-com-marks-may-be-registered-trademarks-or-service-marks-when-consumers-do-not-perceive-them-as-generic (last accessed Sep. 30, 2020).

313. *Id.*

314. *Id.*

315. *Booking.com B.V.*, 140 S. Ct. at 2301 & INTELL. PROP. CODE, § 123.1 (h).

316. The Lanham Act, § 1052.

obtained fraudulently or contrary to the provisions of section 1054 of this title or of subsection (a), (b), or (c) of section 1052 of this title for a registration under this chapter, or contrary to similar prohibitory provisions of such said prior Acts for a registration under such Acts, or if the registered mark is being used by, or with the permission of, the registrant so as to misrepresent the source of the goods or services on or in connection with which the mark is used. If the registered mark becomes the generic name for less than all of the goods or services for which it is registered, a petition to cancel the registration for only those goods or services may be filed. A registered mark shall not be deemed to be the generic name of goods or services solely because such mark is also used as a name of or to identify a unique product or service. The primary significance of the registered mark to the relevant public rather than purchaser motivation shall be the test for determining whether the registered mark has become the generic name of goods or services on or in connection with which it has been used.³¹⁷

...

15 U.S.C. § 1065 . *Incontestability of right to use mark under certain conditions*

...

- (4) no incontestable right shall be acquired in a mark which is the generic name for the goods or services or a portion thereof, for which it is registered.³¹⁸

On the other hand, the Philippine provisions on the registrability of generic marks are as follows —

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

...

- (a) Consists exclusively of signs that are generic for the goods or services that they seek to identify[.]

...

SECTION 151. Cancellation. — 151.1. A petition to cancel a registration of a mark under this Act may be filed with the Bureau of Legal Affairs by any person who believes that he is or will be damaged by the registration of a mark under this Act as follows:

...

317. *Id.* § 1064 (3).

318. *Id.* § 1065 (4).

- (b) At any time, if the registered mark becomes the generic name for the goods or services, or a portion thereof, for which it is registered, or has been abandoned, or its registration was obtained fraudulently or contrary to the provisions of this Act, or if the registered mark is being used by, or with the permission of, the registrant so as to misrepresent the source of the goods or services on or in connection with which the mark is used. If the registered mark becomes the generic name for less than all of the goods or services for which it is registered, a petition to cancel the registration for only those goods or services may be filed. A registered mark shall not be deemed to be the generic name of goods or services solely because such mark is also used as a name of or to identify a unique product or service. The primary significance of the registered mark to the relevant public rather than purchaser motivation shall be the test for determining whether the registered mark has become the generic name of goods or services on or in connection with which it has been used.³¹⁹

From the foregoing, it appears that the provisions treat generic marks similarly; after all, the trademark provisions of the IP Code were patterned after the U.S.' Lanham Act.³²⁰ In fact, the Lanham Act has been cited by the SC in case of gaps in the Philippine trademark laws.³²¹ In addition to this, it is common for the SC to adopt U.S. jurisprudence when deciding local IP cases.³²² Thus, the SC may choose to apply the *Booking.com* ruling should the same issue present itself before the Court.

Adopting the *Booking.com* ruling will also be fairly consistent with Philippines jurisprudence on the matter. Though there is a scarcity of Philippine jurisprudence discussing domain names, the concepts tackled in *Booking.com* have been discussed by the SC in the past. For starters, the ruling will be consistent with the SC's doctrinal definition of a "generic term." In *Booking.com*, the SCOTUS defined "generic term" as a term that describes "a 'class' of goods or services, rather than any particular feature or exemplification of the class."³²³ On the other hand, in the case of *Mcdonald's Corporation v.*

319. INTELL. PROP. CODE, §§ 123.1 (h) & 151.1 (b).

320. Joseph Christopher C. Balagtas, et al., An analysis of the Iancu v. Brunetti (2019) doctrine taken in the Philippine context, *available at* <http://www.iplaw.ph/views-an-analysis-of-the-Iancu-v-brunetti-2019-dctrine-taken-in-the-philippine-context.html> (last accessed Sep. 30, 2020).

321. *Id. & W Land Holdings, Inc.*, 847 SCRA.

322. Negre, *supra* note 23, at 468. *See also W Land Holdings, Inc.*, 847 SCRA.

323. *Booking.com B.V.*, 140 S. Ct. at 2304.

L.C. Big Mak Burger, Inc.,³²⁴ the SC described a “generic term” as a term “used as the name or description of a kind of goods[.]”³²⁵ The SC has said that generic terms are those usually used to describe the common name, group to which it belongs, or genus of the product.³²⁶

The *Booking.com* ruling will also be consistent with the SC’s decision regarding the registrability of generic marks. In the case of *Kensonic, Inc. v. Uni-line Multi-resource, Inc.*,³²⁷ the SC said that generic marks can be registered as long as the generic mark is not “identifiable to the good or service.”³²⁸ The SC allowed the registration of the mark “SAKURA” as a brand of DVD and VCD players.³²⁹ Thus, although “SAKURA” is a generic term for the Japanese flower, the term was not a generic term with respect to DVD or VCD players for purposes of trademark registration.³³⁰ In *Booking.com*, the SCOTUS concluded that “Booking.com” was not a generic term used for online hotel-reservation services.³³¹ In comparison, the SCOTUS allowed the registration of “Booking.com.”³³² Therefore, it appears that the treatment of the SC and the SCOTUS are the same with respect to when a generic mark may be registered.

Another issue discussed in the *Booking.com* case is the determination of whether a mark is generic or not.³³³ The SC, citing American jurisprudence, has repeatedly stated that in determining whether a mark is generic or descriptive, “the true test is not whether they are exhaustively descriptive of the article designated, but whether in themselves, and as they are commonly used by those who understand their meaning, they are reasonably indicative

324. *McDonald’s Corporation v. L.C. Big Mak Burger, Inc.*, 437 SCRA 10 (2004).

325. *Id.* at 26. *See also* *GSIS Family Bank-Thrift Bank [formerly Comsavings Bank, Inc.] v. BPI Family Bank*, 771 SCRA 284 (2015) & *Societe Des Produits Nestlé, S.A. v. Court of Appeals*, 356 SCRA 207 (2001).

326. *Societe Des Produits Nestlé, S.A.*, 356 SCRA at 222.

327. *Kensonic, Inc. v. Uni-Line Multi-Resources, Inc., (Phils.)*, 864 SCRA 560 (2018).

328. *Id.* at 572.

329. *Id.* at 566.

330. *Id.* at 575.

331. *Booking.com B.V.*, 140 S. Ct. at 2301.

332. *Id.*

333. *Id.* at 2299.

and descriptive of the thing intended.”³³⁴ The ruling of *Booking.com* is similar to this. The SCOTUS held that the “generic (or nongeneric) character of a particular term depends on its meaning to consumers (i.e., do consumers in fact perceive the term as the name of a class or, instead, as a term capable of distinguishing among members of the class[?]”).³³⁵ Thus, this would mean that the genericness of a term is left for the public to decide, and not in the term itself.³³⁶ This is something recognized by the SC because, in a few cases, it has considered the thoughts of a Filipino consumer in making its decision. The SC took into account the Filipino consumer’s perception of goods in deciding the existence of any likelihood of confusion. In doing so, the SC stated that “like his beer, 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.”³³⁷ Though applied in a different context, it is possible that the SC may take into account the Filipino consumer’s perception in determining if a mark is generic or not. This will be interesting given that it is common for the Filipinos to use brand names to describe generic products (e.g., “Colgate” for toothpaste, “Frigidaire” for a refrigerator, “Xerox” for photocopiers, etc.).

The other issue raised was the anti-competitive effects of allowing the registration of a generic mark simply because it added the suffix “.com.”³³⁸ The SCOTUS, in arguing that allowing the registration of such generic marks will not result in a monopoly over the registered words, stated that “[t]hat concern attends any descriptive mark.”³³⁹ It explained that jurisprudence has already been established to prevent monopolies over generic terms.³⁴⁰ At the end of the day, the owner of such generic mark can only win a case of infringement if he or she is able to prove that the use of such generic mark by another person “will trigger a likelihood of consumer confusion.”³⁴¹ Similarly, the SC has held that “the gravamen of trademark infringement is the

334. *Asia Brewery, Inc. v. Court of Appeals*, 224 SCRA 437, 448-49 (1993); *Ong Ai Gui v. Director, Phil. Patent Office*, 96 Phil. 673, 676 (1955); & *Kensonic, Inc.*, 864 SCRA at 574.

335. *Booking.com B.V.*, 140 S. Ct. at 2299.

336. *Id.*

337. *Emerald Garment Manufacturing Corporation v. Court of Appeals*, 251 SCRA 600, 617 (1995) & *Diaz vs. People*, 691 SCRA 139, 154 (2013).

338. *Booking.com B.V.*, 140 S. Ct. at 2308.

339. *Id.* at 2307.

340. *Id.* at 2307-08.

341. *Id.* at 2307.

likelihood of confusion.”³⁴² The SC, citing American jurisprudence, has also held that “[t]he use of a generic term in a trade-name is always conditional, i.e., subject to the limitation that the registrant does not acquire the exclusive right to the descriptive or generic term or word”³⁴³ and that “[o]thers may use the same or similar descriptive word in connection with their own wares, provided they take proper steps to prevent the public from being deceived.”³⁴⁴ It appears that the SC, in citing U.S. jurisprudence, has adopted the same view as the SCOTUS. The SC ruled that the registration of a generic mark as part of a trademark does not entitle the trademark to the exclusive use of said generic mark. Thus, the SC may likely rule the in the same way the SCOTUS did in *Booking.com*.

The *Booking.com* ruling will also affect trademark registration of domain names. Currently, the IPOPHL allows the registration of domain names as service marks.³⁴⁵ As a general rule, the examination of complete applications for trademark registration are done on a first come, first served basis.³⁴⁶ However, registration of domain names may be given “priority” treatment if requested.³⁴⁷ On the other hand, the registration of domain names is done through dotPH, the official domain registry of the Philippines.³⁴⁸ Through dotPh, one can register their websites with secondary level domain names such as “.ph”, “.com.ph”, “.net.ph”, and “.org.ph”.³⁴⁹ A right of first refusal is granted to the name holder with respect to the domain name which is co-

342. *Société des Produits, Nestlé, S.A. v. Puregold Price Club, Inc.*, 839 SCRA 177, 197 (2017) (citing *Coffee Partners, Inc. v. San Francisco Coffee & Roastery, Inc.*, 614 SCRA 113, 124 (2010)).

343. *Ong Ai Gui*, 96 Phil. at 677 (citing *Richmond Remedies Co. v. Dr. Miles Medical Co.*, 16 F.2d 598, 602 (1926)).

344. *Id.*

345. Negre, *supra* note 23, at 474. *See also* Intellectual Property Office, Rules and Regulations on Trademarks, Service Marks, Trade Names and Marked or Stamped Containers of 2017, Memorandum Circular No. 17-010 [Trademark Regulations of 2017], rule 601 (g).

346. *See* Trademark Regulations of 2017, rule 601, para. 1.

347. Negre, *supra* note 23, at 474. *See also* Trademark Regulations of 2017, rule 601 (g).

348. *See* dotPH, Policies and Agreements, *available at* <https://www.dot.ph/legal> (last accessed Sep. 30, 2020).

349. *Id.*

terminus with the ownership of the domain name.³⁵⁰ The registration of domain names as services marks are governed by the same rules on the registration of trademarks.³⁵¹ Section 121 of the IP Code defines a “mark” as “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[.]”³⁵² Further, Section 123, as mentioned above, enumerates the list of “marks” that are not eligible for trademark registration, covering both trademarks and service marks.³⁵³ Thus, domain names, which can be registered as service marks, cannot currently be registered if they are generic domain names.

However, the *Booking.com* ruling now allows the registration of “generic.coms” provided that it is not “a generic name for a class of goods or services only if the term has that meaning to consumers.”³⁵⁴ The ruling is a game-changer, most especially for the registration of domain names. However, in spite of the clarifications it gives, there are still some questions that the Author thinks need to be answered. The SCOTUS delivered this ruling in connection with “.com”.³⁵⁵ However, will the same ruling apply to country-code top-level domains (e.g. “.ph”, “.hk”, or “.sg”)³⁵⁶ or to the new less known top-level domain names (e.g. “.xyz”, “.yodobashi”, “.iq”, etc.)? This issue was raised by Justice Breyer in his dissent concluding that the ruling may apply differently to these domain names.³⁵⁷ Another question is what should come first: a domain name registration or a trademark registration? These are questions that may only be answered by future rulings of the courts or, maybe, by the SC. As to the question of whether the ruling will carry over its effects here in the Philippines, the answer is that it is a possibility. However,

350. GLOBAL LEGAL GROUP LTD., THE INTERNATIONAL COMPARATIVE LEGAL GUIDE TO: TRADE MARKS 277 (8th ed. 2019).

351. *Negre*, *supra* note 23, at 474.

352. INTELL. PROP. CODE, § 121.1.

353. *Id.* § 123.

354. *Booking.com B.V.*, 140 S.Ct. at 2301.

355. *Id.* at 2305.

356. One.com, What is a top-level domain?, available at [https://help.one.com/hc/en-us/articles/115005587509-What-is-a-top-level-domain-#:~:text=A%20top-level%20domain%20\(TLD,are%20com%2C%20org%20and%20net](https://help.one.com/hc/en-us/articles/115005587509-What-is-a-top-level-domain-#:~:text=A%20top-level%20domain%20(TLD,are%20com%2C%20org%20and%20net) (last accessed Sep. 30, 2020).

357. *Booking.com B.V.*, 140 S.Ct. at 2312 (J. Breyer, dissenting opinion).

even if the SC does not adopt the *Booking.com* ruling, jurisprudence shows that the SC may rule in the same direction.

V. CONCLUSION

Our [Trademark] Law, enacted nearly forty years ago, has grown in its implications and practical application, like a [C]onstitution, in virtue of the life continually breathed into it. It is not of merely local application; it has its counterpart in other jurisdictions of the civilized world from whose jurisprudence it has also received vitalizing nourishment. *We have to apply this law as it has grown and not as it was born.*³⁵⁸

This is a quote from a decision penned by Justice Roman Ozaeta back in 1942.³⁵⁹ It was described in 2001 as a timeless piece of advice by one of Philippines' top IP lawyers.³⁶⁰ The advice remains applicable today and, even though Justice Ozaeta specifically mentioned trademark law, the Author believes the same can be applied to IP law in general.

The NIPS has made developing IP one of the Philippines' primary goals.³⁶¹ The top branches of the government are being asked to participate in the NIPS' goal of attaining "[a]n effective [i]ntellectual [p]roperty [s]ystem widely recognized and strategically utilized to benefit and uplift the lives of Filipinos."³⁶² The SC, therefore, also plays a big role in the development of IP in the Philippines and in reaching the NIPS' goal.³⁶³ The SC must ensure that justice is upheld in IP cases and that the rules evolve side-by-side with technology.³⁶⁴ As mentioned, the IPOPHL acknowledges the existence of gaps in Philippine IP laws;³⁶⁵ it is also through the SC that some of these gaps may be filled.

The cases discussed in this Article involved gaps in U.S. IP laws which were recently resolved by the SCOTUS. Two of these cases involved gaps in U.S. IP laws that emerged due to the development of technology.³⁶⁶

358. *Ang v. Teodoro*, 74 Phil. 50, 54 (1942) (emphasis supplied).

359. *Id.* at 50.

360. *Negre*, *supra* note 23, at 496.

361. Intellectual Property Office, NIPS, *supra* note 1, at 32.

362. *Id.* at 20.

363. *Id.* at 22.

364. *Id.*

365. *Id.* at 17.

366. *See Booking.com B.V.*, 140 S.Ct. & *Oracle America, Inc.*, 886 F.3d.

However, regardless of how these gaps came to fruition, these cases showed that even until today, gaps are found in U.S. IP laws that need to be resolved or updated by the SCOTUS.

The SC is bound to encounter these issues one way or another as Philippines' IP continues to grow.³⁶⁷ The SC recognized the need for legal interpretation to “not be stagnant but dynamic; it should not be ensnared in the obsolete but rather, sensitive to surrounding social realities.”³⁶⁸ The circumstances between the U.S. and the Philippines may be different, but their IP laws are similar to each other.³⁶⁹ On one hand, the SC may turn to these U.S. cases as a guide if faced with a similar issue, as they have done several times in the past. On the other hand, the SC may take a different approach when deciding these issues, developing their own interpretations in the process. These issues may even experience a radical change with how fast technology is developing. At the end of the day, IP cases are decided on a case-to-case basis and, in doing so, “*we have to apply this law as it has grown and not as it was born.*”³⁷⁰

367. See Intellectual Property Office, Statistics, *supra* note 12.

368. *W Land Holdings, Inc.*, 847 SCRA at 406.

369. *Id.* at 420 n. 59 (citing The Lanham Act, § 1127).

370. *Ang*, 74 Phil. at 54 (emphasis supplied).