

Trade Name Protection in the Philippines: A Case Comment on *Coffee Partners, Inc. v. San Francisco Coffee & Roastery, Inc.* *Alpheus D. Macalalad**

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I. SYNOPSIS

*Coffee Partners, Inc. v. San Francisco Coffee & Roastery, Inc.*¹ is a simple case involving the rights over the use of the words “SAN FRANCISCO COFFEE.” The crux of the case, as will be emphasized in this Comment, is

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1. *Coffee Partners, Inc. v. San Francisco Coffee & Roastery, Inc.*, 614 SCRA 113 (2010).

whether a trade name needs to be registered as a pre-requisite for trademark infringement.

II. FACTS OF THE CASE

San Francisco Coffee & Roastery, Inc. (SFCR) is a local corporation registered with the Securities and Exchange Commission (SEC) in 1995.² The business name “San Francisco Coffee & Roastery, Inc.” was registered with the Department of Trade and Industry (DTI) in 1995.³

Similarly, Coffee Partners, Inc. (CPI) is a domestic corporation registered with the SEC in 2001.⁴ CPI has a non-exclusive right to use the trademark “SAN FRANCISCO COFFEE,” owned by Coffee Partners, Ltd., under a franchise agreement.⁵

While SFCR deals in the wholesale and retail sale of coffee, CPI is engaged in the business of establishing and maintaining coffee shops.⁶

The conflict began when, in 2001, SFCR discovered that CPI was poised to open a coffee shop with the name “SAN FRANCISCO COFFEE” in Libis, Quezon City.⁷ To SFCR, CPI’s shop “caused confusion in the minds of the public as it bore a similar name and it also engaged in the business of selling coffee.”⁸ SFCR sent a demand letter to CPI insisting that CPI stop the use of the name “SAN FRANCISCO COFFEE.”⁹ SFCR also filed a complaint in the Intellectual Property Office (IPO) for infringement and unfair competition with claims for damages.¹⁰ CPI denied the allegations.¹¹

The Bureau of Legal Affairs-Intellectual Property Office (BLA-IPO) considered CPI’s trademark as infringing on SFCR’s trade name.¹² In doing so, the BLA-IPO ruled that

the right to the exclusive use of a trade name with freedom from infringement by similarity is determined from priority of adoption. Since

2. *Id.* at 116.

3. *Id.*

4. *Id.*

5. *Id.*

6. *Id.*

7. *Coffee Partners, Inc.*, 614 SCRA at 116.

8. *Id.* at 116-17.

9. *Id.* at 117.

10. *Id.*

11. *Id.*

12. *Id.* at 118.

[SFCR] registered its business name with the DTI in 1995 and CPI registered its trademark with the [IPO] in 2001 in the Philippines and in 1997 in other countries, then [SFCR] must be protected from infringement of its trade name.

The BLA-IPO also said that

[CPI]’s use of the trademark “SAN FRANCISCO COFFEE” will likely cause confusion because of the exact similarity in sound, spelling, pronunciation, and commercial impression of the words “SAN FRANCISCO” which is the dominant portion of [SFCR]’s trade name and petitioner’s trademark. ... [N]o significant difference resulted even with a diamond-shaped figure with a cup in the center in [CPI]’s trademark because greater weight is given to words — the medium consumers use in ordering coffee products.¹³

The BLA-IPO, however, saved CPI from unfair competition. CPI started using the “SAN FRANCISCO COFFEE” trademark because it was part of the franchise agreement CPI entered into.¹⁴ Hence, according to the BLA-IPO, intent to defraud was not present.¹⁵

The Office of the Director General of the IPO reversed the original ruling.¹⁶ There was no infringement because CPI continuously used the trademark “SAN FRANCISCO COFFEE” since 2001, while SFCR effectively abandoned its trade name upon entering into a joint venture with Boyd Coffee USA.¹⁷ According to the Director General, “between a subsequent user of a trade name in good faith and a prior user who had stopped using such trade name, it would be inequitable to rule in favor of the latter.”¹⁸

The Court of Appeals, however, set aside the decision of the Director General and reinstated the ruling of the BLA-IPO. According to the Court of Appeals, infringement existed.¹⁹

The issue of whether CPI’s use of the trademark “SAN FRANCISCO COFFEE” infringed on SFCR’s trade name “SAN FRANCISCO COFFEE & ROASTERY, INC.,” despite the fact that such trade name was not registered with the IPO reached the Supreme Court.²⁰

13. *Coffee Partners, Inc.*, 614 SCRA at 118.

14. *Id.* at 119.

15. *Id.*

16. *Id.*

17. *Id.*

18. *Id.*

19. *Coffee Partners, Inc.*, 614 SCRA at 120.

20. *Id.*

CPI maintained the following arguments: 1) SFCR's registration of its business name expired on 16 June 2000, while the coffee shop bearing the name "SAN FRANCISCO COFFEE" was opened only in 2001, only after which SFCR tried to renew its registration; 2) SFCR had failed to use its trade name in connection with its goods, thereby negating any infringement; 3) there is no confusion between the two because SFCR does wholesale blending, roasting, and distribution of coffee, while CPI sells ready-made coffee; and 4) "SAN FRANCISCO" and "COFFEE" are not capable of registration, being generic in character.²¹

SFCR claimed that trade name need not be registered with the IPO to be protected.²² According to SFCR, "[a]ll that is required is that the trade name is previously used in trade or commerce in the Philippines."²³ SFCR insisted that CPI's trademark is confusingly similar to its trade name, resulting in source confusion.²⁴

The Supreme Court denied CPI's petition. Using the elements enumerated in *Prosource International, Inc. v. Horphag Research Management SA*,²⁵ the Supreme Court found that there was indeed infringement.²⁶

Citing *Philips Export B.V. v. Court of Appeals*,²⁷ the Supreme Court stated: "[A] trade name need not be registered with the IPO before an infringement suit may be filed by its owner against the owner of an infringing trademark. All that is required is that the trade name is previously used in trade or commerce in the Philippines."²⁸ According to the Supreme Court, the Intellectual Property Code of the Philippines (IP Code)²⁹ dispensed with the requirement of registration of trade name.³⁰ Section 165.2 of the IP Code states:

21. *Id.* at 120-21.

22. *Id.* at 121.

23. *Id.*

24. *Id.*

25. *Prosource International, Inc. v. Horphag Research Management SA*, 605 SCRA 523, 530 (2009).

26. *Coffee Partners, Inc.*, 614 SCRA at 122.

27. *Philips Export B.V. v. Court of Appeals*, 206 SCRA 457 (1992).

28. *Coffee Partners, Inc.*, 614 SCRA at 122 (citing *Philips Export B.V.*, 206 SCRA at 463).

29. An Act Prescribing the Intellectual Property Code and Establishing the Intellectual Property Office, Providing for its Powers and Functions, and for Other Purposes, As Amended [INTELLECTUAL PROPERTY CODE], Republic Act No. 8293 (1997).

30. *Coffee Partners, Inc.*, 614 SCRA at 122. This is also known as the Doctrine of Secondary Meaning, where descriptive marks become susceptible of registration

SEC. 165.2 (a) Notwithstanding any laws or regulations providing for any obligation to register trade names, such names shall be protected, even prior to or without registration, against any unlawful act committed by third parties.

(b) In particular, any subsequent use of a trade name by a third party, whether as a trade name or a mark or collective mark, or any such use of a similar trade name or mark, likely to mislead the public, shall be deemed unlawful.³¹

After dispensing with the requirement of registration with the IPO, the Supreme Court found that there is a confusing similarity and that SFCR had acquired the exclusive right to use the trade name “SAN FRANCISCO COFFEE & ROASTERY, INC.”³² As such, it should be protected. In the words of the Supreme Court,

[t]his Court is not just a court of law, but also of equity. We cannot allow petitioner to profit by the name and reputation so far built by respondent without running afoul of the basic demands of fair play. Not only the law but equity considerations hold petitioner liable for infringement of respondent’s trade name.³³

III. UNFAIR COMPETITION AND TRADEMARK INFRINGEMENT

Unfair competition and trademark infringement are the two main remedies provided in the IP Code against the illegal use of someone else’s mark.³⁴ Although technically different, both similarly protect the owner’s rights over a mark.³⁵

A. Unfair Competition

after continuous and exclusive use. See *Compañia Gral. de Tabacos v. Alhambra Cigar & etc. Co.*, 33 Phil. 485, 495 (1916); *Ong Ai Gui v. Director, Phil. Patent Office*, 96 Phil. 673, 678 (1955); *Arce Sons & Co. v. Selecta Biscuit Co., Inc.*, 110 Phil. 859, 868-69 (1961); *Phil. Nut Industry, Inc. v. Standard Brands, Inc.*, 65 SCRA 575, 585 (1975); *Lyceum of the Philippines, Inc. v. Court of Appeals*, 219 SCRA 610, 617 (1993).

31. *Coffee Partners, Inc.*, 614 SCRA at 123 (citing INTELLECTUAL PROPERTY CODE, § 165.2).

32. *Coffee Partners, Inc.*, 614 SCRA at 125.

33. *Id.* at 126.

34. See generally INTELLECTUAL PROPERTY CODE.

35. *Id.*

Unfair competition is described by American jurisprudence as a commercial tort.³⁶ In the Philippines, unfair competition is defined specifically under the IP Code:

Section 168. Unfair Competition, Rights, Regulation and Remedies. —
168.1. A person who has identified in the mind of the public the goods he manufactures or deals in, his business or services from those of others, whether or not a registered mark is employed, has a property right in the goodwill of the said goods, business[,] or services so identified, which will be protected in the same manner as other property rights.

168.2. Any person who shall employ deception or any other means contrary to good faith by which he shall pass off the goods manufactured by him or in which he deals, or his business, or services for those of the one having established such goodwill, or who shall commit any acts calculated to produce said result, shall be guilty of unfair competition, and shall be subject to an action therefor.

168.3. In particular, and without in any way limiting the scope of protection against unfair competition, the following shall be deemed guilty of unfair competition:

- (a) Any person, who is selling his goods and gives them the general appearance of goods of another manufacturer or dealer, either as to the goods themselves or in the wrapping of the packages in which they are contained, or the devices or words thereon, or in any other feature of their appearance, which would be likely to influence purchasers to believe that the goods offered are those of a manufacturer or dealer, other than the actual manufacturer or dealer, or who otherwise clothes the goods with such appearance as shall deceive the public and defraud another of his legitimate trade, or any subsequent vendor of such goods or any agent of any vendor engaged in selling such goods with a like purpose;
- (b) Any person who by any artifice, or device, or who employs any other means calculated to induce the false belief that such person is offering the services of another who has identified such services in the mind of the public; or
- (c) Any person who shall make any false statement in the course of trade or who shall commit any other act contrary to good faith of a nature calculated to discredit the goods, business[,] or services of another.

168.4. The remedies provided by Sections 156, 157[,] and 161 shall apply *mutatis mutandis*.³⁷

Unfair competition has been defined by jurisprudence “as the passing off (or palming off) or attempting to pass off upon the public the goods or

36. I J. THOMAS MCCARTHY, TRADEMARKS AND UNFAIR COMPETITION 12 (2d ed. 1984) (citations omitted).

37. INTELLECTUAL PROPERTY CODE, § 168.

business of one person as the goods or business of another with the end and probable effect of deceiving the public.”³⁸ Accordingly, “the ‘true test’ of unfair competition [is] whether the acts of [the] defendant are such as are calculated to deceive the ordinary buyer making his purchases under the ordinary conditions which prevail in the particular trade to which the controversy relates.”³⁹ Even after the passing of the IP Code, this general definition has not changed: “Deception, passing off and fraud upon the public are still the key elements that must be present for unfair competition to exist.”⁴⁰

In unfair competition, “[e]ssentially, what the law punishes is the act of giving one’s goods the general appearance of the goods of another, which would likely mislead the buyer into believing that such goods belong to the latter.”⁴¹

B. Trademark Infringement

Trademark infringement is provided in the IP Code in the following provision:

Any person who shall, without the consent of the owner of the registered mark:

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

155.2. Reproduce, counterfeit, copy[,] or colorably imitate a registered mark or a dominant feature thereof and apply such reproduction, counterfeit, copy[,] or colorable imitation to labels, signs, prints, packages,

38. *Coca-Cola Bottlers Phils., Inc. (CCBPI) v. Gomez*, 571 SCRA 18, 35 (2008).

39. *Id.* (citing *Alhambra Cigar, etc., Co. v. Mojica*, 27 Phil. 266, 270-71 (1914)).

40. *Coca-Cola Bottlers Phils., Inc. (CCBPI)*, 571 SCRA at 35 (emphasis omitted).

41. *Espiritu, Jr. v. Petron Corporation*, 605 SCRA 245, 255 (2009). Interestingly, the Supreme Court also says:

Examples of this would be the act of manufacturing or selling shirts bearing the logo of an alligator, similar in design to the open-jawed alligator in La Coste shirts, except that the jaw of the alligator in the former is closed, or the act of a producer or seller of tea bags with red tags showing the shadow of a black dog when his competitor is producing or selling popular tea bags with red tags showing the shadow of a black cat.

Id.

wrappers, receptacles[,] or advertisements intended to be used in commerce upon or in connection with the sale, offering for sale, distribution, or advertising of goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive, shall be liable in a civil action for infringement by the registrant for the remedies hereinafter set forth: Provided, That the infringement takes place at the moment any of the acts stated in Subsection 155.1 or this subsection are committed regardless of whether there is actual sale of goods or services using the infringing material.⁴²

According to *Prosource International, Inc.*, these are the elements of trademark infringement:

- (a) The trademark being infringed is registered in the [IPO]; however, in infringement of trade name, the same need not be registered;
- (b) The trademark or trade name is reproduced, counterfeited, copied, or colorably imitated by the infringer;
- (c) The infringing mark or trade name is used in connection with the sale, offering for sale, or advertising of any goods, business or services; or the infringing mark or trade name is applied to labels, signs, prints, packages, wrappers, receptacles, or advertisements intended to be used upon or in connection with such goods, business, or services;
- (d) The use or application of the infringing mark or trade name is likely to cause confusion or mistake or to deceive purchasers or others as to the goods or services themselves or as to the source or origin of such goods or services or the identity of such business; and
- (e) It is without the consent of the trademark or trade name owner or the assignee thereof.⁴³

Otherwise said, trademark infringement is simply using commercially another person's registered trademark, or something similar to it, without the owner's consent.⁴⁴ In punishing the use of someone else's trademark, the idea is to protect the good will invested upon the trademark by the owner:⁴⁵ "The protection of such monopolies in names seems, then, to rest on the social interest in protecting primarily, not the consumer, but the businessman, who has gained a strategic advantage through building up of

42. INTELLECTUAL PROPERTY CODE, § 155. This Provision was taken from the old trademark and unfair competition law, An Act to Provide for the Registration and Protection of Trade-marks, Trade-names, and Service-marks, Defining Unfair Competition and False Marking and Providing Remedies Against the Same, and for Other Purposes, Republic Act No. 166, § 22 (1947).

43. *Prosource International, Inc.*, 605 SCRA at 530.

44. See generally *Prosource International, Inc.*, 605 SCRA 523.

45. *Id.*

good will, against unfair practices by competitors to poach on this good will.”⁴⁶

C. Unfair Competition versus Trademark Infringement

Comparing these two remedies, it can be said that “[u]nfair competition is broader than trademark infringement and includes passing off goods with or without trademark infringement. Trademark infringement is a form of unfair competition.”⁴⁷ Nevertheless,

[a]lthough the laws on trademark infringement and unfair competition have a common conception at their root, that is, a person shall not be permitted to misrepresent his goods or his business as the goods or business of another, the law on unfair competition is broader and more inclusive than the law on trademark infringement.”⁴⁸

Trademark infringement is thus narrower in scope because it pertains only to the rights received from the registration of trademarks.⁴⁹ However, failure to use trademark infringement as a remedy does not leave the injured party at a loss; acts that comprise trademark infringement also amount to unfair competition, except for the existence of a valid registration.⁵⁰ It is, however, essential [in unfair competition] that the intent to defraud is shown.⁵¹

Jurisprudence has succinctly enumerated the differences between the two, namely:

- (1) Infringement of trademark is the unauthorized use of a trademark, whereas unfair competition is the passing off of one’s goods as those of another.
- (2) In infringement of trademark, fraudulent intent is unnecessary, whereas in unfair competition fraudulent intent is essential.

46. MCCARTHY, *supra* note 36, at 85 (citations omitted).

47. McDonald’s Corporation v. L.C. Big Mak Burger, Inc., 437 SCRA 10, 37 (2004) (citing *Co Tiong Sa v. Director of Patents*, 95 Phil. 1, 4 (1954) & *Clarke v. Manila Candy Co.*, 36 Phil. 100, 106 (1917)).

48. *Mighty Corporation v. E. & J. Gallo Winery*, 434 SCRA 473, 493 (2004) (citing *E. Spinner & Co. v. Neuss Hesslein Corporation*, 54 Phil. 225, 231-32 (1930)).

49. *Id.*

50. *Id.*

51. *Id.*

- (3) In infringement of trademark, the prior registration of the trademark is a prerequisite to the action, whereas in unfair competition registration is not necessary.⁵²

IV. REMEDIES PROVIDED BY THE INTELLECTUAL PROPERTY CODE FOR WRONGFUL USE OF TRADE NAMES

Part III of the IP Code refers to The Law on Trademarks, Service Marks, and Trade Names.⁵³ Section 121.3 even defines trade names as “the name or designation identifying or distinguishing an enterprise.”⁵⁴ Clearly, this part of the IP Code governs not only trademarks, but also trade names.

Reading Part III of the IP Code, however, would give the sense that such part focuses more on marks — i.e., trademarks or services marks — and less on trade names.⁵⁵ Still, Section 165 provides:

Trade Names or Business Names. — 165.1. A name or designation may not be used as a trade name if by its nature or the use to which such name or designation may be put, it is contrary to public order or morals and if, in particular, it is liable to deceive trade circles or the public as to the nature of the enterprise identified by that name.

165.2. (a) Notwithstanding any laws or regulations providing for any obligation to register trade names, such names shall be protected, even prior to or without registration, against any unlawful act committed by third parties.

(b) In particular, any subsequent use of the trade name by a third party, whether as a trade name or a mark or collective mark, or any such use of a similar trade name or mark, likely to mislead the public, shall be deemed unlawful.

165.3. The remedies provided for in Sections 153 to 156 and Sections 166 and 167 shall apply *mutatis mutandis*.

165.4. Any change in the ownership of a trade name shall be made with the transfer of the enterprise or part thereof identified by that name. The provisions of Subsections 149.2 to 149.4 shall apply *mutatis mutandis*.⁵⁶

52. *Del Monte Corporation v. Court of Appeals*, 181 SCRA 410, 415 (1990) (citing JOSE C. VITUG, *PANDECT OF COMMERCIAL LAW & JURISPRUDENCE* 291 (1st ed.)).

53. INTELLECTUAL PROPERTY CODE, pt. III.

54. INTELLECTUAL PROPERTY CODE, § 121.3.

55. See INTELLECTUAL PROPERTY CODE, pt. III.

56. INTELLECTUAL PROPERTY CODE, §§ 165.1-165.4. These Provisions are in line with Article 8 of the Paris Convention, which provides: “A trade name shall be protected in all countries of the Union without the obligation of filing or registration, whether or not it forms part of a trademark.” Paris Convention for the Protection of Industrial Property, Mar. 20, 1883, art. 8, 828 U.N.T.S. 305.

Thus, protection of trade names is indeed within the purview of the IP Code. Also, as mentioned in the above-quoted provision, the remedies provided in Sections 153 to 156, as well as 166 to 167, apply to trade names. These remedies are: (1) cancellation of registration; (2) case for infringement; (3) prohibition on importation of articles with infringing marks; and (4) collective marks.

Another remedy available, although not included in the enumeration, is unfair competition.⁵⁷ Unfair competition or passing off is broad enough to cover trade names.⁵⁸ The provisions on unfair competition do not distinguish between unlawful use of either trademarks or trade names.⁵⁹ In fact, the important thing is that a person “has identified in the mind of the public the goods he manufactures or deals in, his business or services from those of others, whether or not a registered mark is employed.”⁶⁰ After doing so, such person’s goods, business, or service is already protected under unfair competition. Thus, under this broad covering, trade names, registered or not, are also protected.

V. THE INSTANT CASE

In *Coffee Partners, Inc.*, the Supreme Court found that CPI was liable for trademark infringement by using the mark “SAN FRANCISCO COFFEE,” which is, essentially, SFCR’s trade name, even though such trade name was not registered with the IPO.⁶¹ In doing so, the Supreme Court applied Section 165 of the IP Code and thereafter applied the remedies available under Part III of the IP Code, specifically, trademark infringement.⁶²

See also Seth M. Reiss, Commentary on the Paris Convention for the Protection of Industrial Property 9, available at <http://www.lex-ip.com/Paris.pdf> (last accessed May 23, 2011). Said Reiss:

Article 8 obligates members of the Union to protect trade names without the obligation of filing or registration, irrespective of whether the trade name forms a part of a trademark. No further details are offered. While member countries cannot condition trade name protection on filing or registration, they may satisfy their undertaking to protect trade names either through trade name specific legislation, or more generally, through unfair competition laws.

Reiss, *supra* note 56.

57. INTELLECTUAL PROPERTY CODE, § 168.

58. See INTELLECTUAL PROPERTY CODE, § 168.

59. *Id.*

60. INTELLECTUAL PROPERTY CODE, § 168.1.

61. See generally *Coffee Partners, Inc.*, 614 SCRA 113.

62. *Id.*

The Supreme Court followed the doctrine mentioned in *Prosource International, Inc.* that “[t]he trademark being infringed is registered in the [IPO]; however, in infringement of trade name, the same need not be registered.”⁶³

Thus, *Coffee Partners, Inc.* promotes that trademark infringement is an available remedy against the infringement of trade names, whether registered or unregistered with the IPO.

VI. ANALYSIS

The doctrine pronounced by the Supreme Court in *Coffee Partners, Inc.*, of course, has little, if any, legal basis. The Supreme Court merely utilized the elements of trademark infringement found in *Prosource International, Inc.*

First, there is a trade name, “SAN FRANCISCO COFFEE & ROASTERY, INC.,” which is registered DTI, but unregistered with the IPO.⁶⁴ Second, such trade name is reproduced by the CPI in its coffee store, “SAN FRANCISCO COFFEE.”⁶⁵ Third, the trade name is used in connection with the sale of coffee, the business of both CPI and SFCR.⁶⁶ Fourth, “SAN FRANCISCO COFFEE” and “SAN FRANCISCO COFFEE & ROASTERY, INC.” are confusingly similar with each other, such that purchasers are likely to be confused as to the goods or the source of such goods.⁶⁷ Fifth, the use of the mark “SAN FRANCISCO COFFEE” is without the consent of SFCR.⁶⁸

Given that the IP Code allows the application of trademark infringement — because of Section 165 — the Supreme Court has therefore concluded that trade names, not registered as trademarks, are still protected by trademark infringement.

This pronouncement is a boon to all trade name owners. Businesses are no longer required to register their trade name as a trademark to avail of trademark infringement as a remedy — a most welcome development which expands the scope of trademark protection less the costs of trademark registration.

The Author, however, posits that this expansion is unnecessary. The IP Code already provides adequate protection of trade names, even without using the remedy of trademark infringement.

63. *Prosource International, Inc.*, 605 SCRA at 530.

64. *See generally Coffee Partners, Inc.*, 614 SCRA 113.

65. *Id.*

66. *Id.*

67. *Id.*

68. *Id.*

A. The Court's Analysis

The Court bases its decision mainly on Ruben E. Agpalo's statement that "[t]he trademark being infringed is registered in the [IPO]; however, in infringement of trade name, the same need not be registered."⁶⁹ This has been cited in several cases, with the latest being *Societe des Produits Nestle, S.A. v. Dy, Jr.*⁷⁰

The statement that trade names need not be registered in order for infringement to be available as a remedy is derived mainly from two provisions of the IP Code: Section 155 and Section 165.

Section 155 provides for the acts that constitute trademark infringement, while Section 165 provides how trade names are protected.⁷¹ Section 165 specifically provides that Section 155 also applies to trade names *mutatis mutandis*.⁷²

Section 165 also provides that trade names are protected prior to or without registration, against any unlawful act committed by third parties.⁷³ Section 165 continues: "In particular, any subsequent use of the trade name by a third party, whether as a trade name or a mark or collective mark, or any such use of a similar trade name or mark, likely to mislead the public, shall be deemed unlawful."⁷⁴

Notably, the interpretation of the Supreme Court stems from Section 165.2, which provides: "Notwithstanding any laws or regulations providing for any obligation to register trade names, such names shall be protected, even prior to or without registration, against any unlawful act committed by third parties."⁷⁵ In reading this provision, the Supreme Court may have construed the "laws and regulations" cited in the provision to be the IP Code, thus dispensing of the need for registration of trade names with the IPO.

Thus, a casual reading of the said provisions will ultimately lead to the same conclusion the Supreme Court and Agpalo arrived at: trade names need no registration with the IPO in order to avail of trademark infringement.

69. RUBEN E. AGPALO, TRADEMARK INFRINGEMENT AND UNFAIR COMPETITION 143 (2000 ed.).

70. *Societe Des Produits Nestle, S.A. v. Dy, Jr.*, 627 SCRA 223, 234 (2010).

71. INTELLECTUAL PROPERTY CODE, §§ 155 & 165.

72. *Id.* § 165.3.

73. *Id.* § 165.2 (a).

74. *Id.* § 165.2 (b).

75. *Id.* § 165.2 (a).

This kind of understanding of the application of the IP Code, although acceptable for some, should be avoided.

First, one of the pillars of trademark protection in Philippine jurisdiction is trademark registration. The Philippines has grown out of the first to use system and has evolved to a first to file system of trademark registration.⁷⁶ This is why the very first element of trademark infringement is the registration of the subject trademark.

Second, the provisions of Section 165.2 dispensing with registration in the IP Code should refer to the “obligation to register” under other laws, namely, registration under the DTI and under the SEC. Under Act No. 3883, a business name cannot be used, under penalty of law, unless registered with the DTI.⁷⁷ Under the Corporation Code,⁷⁸ a corporate name is one of the required contents of the articles of incorporation.⁷⁹ On the one hand, both of these laws provide for regulatory measures for the use of trade names in businesses; thus, both mandate registration of trade or corporate names. On the other hand, the IP Code does not seek to regulate businesses; the IP Code only seeks to protect intellectual property rights. The IP Code does not require registration of any mark. Hence, it is registration under these other laws and not registration with the IPO that is dispensed with.

76. See generally INTELLECTUAL PROPERTY CODE. See also Ferdinand M. Negre, Trademark Law in a Knotshell: From Caves to Cyberspace, available at http://www.iplaw.ph/bnu2_ipnews_knotshell.asp (last accessed May 23, 2011).

77. An Act to Regulate the Use in Business Transactions of Names Other Than the True Names, Prescribing Duties of the Director of the Bureau of Commerce and Industry in its Enforcement, Providing Penalties for Violations Thereof, and For Other Purposes, Act No. 3883, § 1 (1931). Said Provision provides:

It shall be unlawful for any person to use or sign, on any written or printed receipt, including receipt for tax on business, or on any written or printed contract not verified by a Notary Public, or on any written or printed evidence of any agreement or business transactions, any name used in connection with his business other than his true name, or keep conspicuously exhibited in plain view in or at the place where his business is concluded, if he is engaged in a business, any sign announcing a firm name or business name or style, without first registering such other name, or such firm name, or business name, or style, in the [DTI] together with his true name and that of any other person having a joint or common interest with him in such contract, agreement, business transaction, or business.

Id.

78. The Corporation Code of the Philippines [CORPORATION CODE], Batas Pambansa Blg. 68 (1980).

79. *Id.* § 14.

Third, marks or names, even without registration under the IP Code, are already protected under unfair competition. Since the element of registration is removed, the burden on the owner of the mark is not lessened because, instead of registration with the IPO, intent to defraud is now required.

Thus, marks or names, registered or unregistered with the IPO, are totally protected under the IP Code. This is the paradigm of protection which should be used in reading the IP Code.

B. The Alternative Analysis

The way of interpreting the provisions of the IP Code regarding the protection of trade names is to apply the paradigm already imbibed in the law. Two remedies are provided and one covers the gaps of the other: trademark infringement and unfair competition. Using this approach, the provisions of trademark infringement is applicable only with IPO-registered trade names, while unfair competition will apply to unregistered trade names.

The alternative view is still in line with Section 165. First, misleading use of trade names is still considered unlawful. Second, trade names are still protected, whether they are registered or unregistered with the IPO. Third and last, protection of trade names is not unduly expanded; in fact, this interpretation is most in accordance with the phrase *mutatis mutandis*, also provided in Section 165.

Mutatis mutandis means “after making the necessary changes.”⁸⁰ Hence, applying Section 155 to trade names, *mutatis mutandis* would mean that IPO registration is still required in order to be covered under trademark infringement. The interpretation that trade name infringement does not need registration under the IPO is loose at best for conveniently forgetting that registration is still required even for trade names.

Thus, proper application of the phrase *mutatis mutandis* as provided in Section 165, in relation to Section 155, implies that the element of registration provided for under Section 165 should still apply to trade name infringement. The unregistered trade names are still protected under unfair competition. Hence, registered or unregistered, trade names are still protected, in line with the import of the IP Code.

Also, “every statute must be so construed and harmonized with other statutes as to form a uniform system of jurisprudence.”⁸¹ *Interpretare et*

80. FEDERICO B. MORENO, PHILIPPINE LAW DICTIONARY 402 (2d ed. 1982).

81. *Natividad v. Felix*, 229 SCRA 680, 686-87 (1994) (citing *Valera v. Tuason, Jr.*, 80 Phil. 823, 825 (1948)).

*concordare leges legibus, est optimus interpretandi modus.*⁸² Thus, a fitting interpretation of Section 165.2 is to recognize that the obligation to register a trade name falls under other laws — not under the IP Code — and is dispensed with in relation to the protection provided under the IP Code. Registration of a trade name under the IP Code should still be required in order to avail of infringement, but not to avail of unfair competition.

Lastly, the Author emphasizes that provisions of law should be interpreted in way that will give life to the whole, rather than its parts. *Ut res magis valeat quam pereat.*⁸³ A statute should be interpreted “to give it efficient operation and effect as a whole. An interpretation should, if possible, be avoided, under which a statute or provision being construed is defeated, or as otherwise expressed, nullified, destroyed, emasculated, repealed, explained away, or rendered insignificant, meaningless, inoperative, or nugatory.”⁸⁴ Otherwise said: “[I]n interpreting a statute, care should be taken that every part or word thereof be given effect since the lawmaking body is presumed to know the meaning of the words employed in the statute and to have used them advisedly.”⁸⁵

Thus, as discussed above, the Court should have applied unfair competition, and not trademark infringement, to *San Francisco* because the trade name was not registered with the IPO.

VII. CONCLUSION

The interpretation of the Supreme Court conveniently disregarded reading into the entirety of the law. In doing so, the scope of the trademark infringement is unduly and unnecessarily expanded to include trade names unregistered with the IPO. Although beneficial to trade name owners, such

82. *Id.* See also BLACK'S LAW DICTIONARY 817 (6th ed. 1990) which provides: “To interpret, and [in such a way as] to harmonize with laws, is the best mode of interpretation”; *Bañares II v. Balising*, 328 SCRA 37, 49 (2000); *Loyola Grand Villas Homeowners (South) Association, Inc. v. Court of Appeals*, 276 SCRA 681, 696 (1997); *Cabada v. Alunan*, 260 SCRA 838, 848 (1996); *Republic v. Asuncion*, 231 SCRA 211, 230-32 (1994); *Corona v. Court of Appeals*, 214 SCRA 378, 392 (1992).

83. The phrase means “to give effect to the matter rather than having it fail.” It is applied “when alternative readings are possible, one of which [] would achieve the manifest purpose of the document and one of which [] would reduce it to futility or absurdity, whereby the interpreter chooses the one that gives effect to the document's purpose.” BLACK'S LAW DICTIONARY 1582 (8th ed. 2004).

84. *Asturias Sugar Central, Inc. v. Commissioner of Customs*, 29 SCRA 617, 628 (1969) (citing 50 AM. JUR. 358-359). See also *Allied Banking Corporation v. Ordoñez*, 192 SCRA 246, 255 (1990).

85. *Marsaman Manning Agency, Inc., v. NLRB*, 313 SCRA 88, 102 (1999) (citing *JMM Promotion & Management, Inc. v. NLRB*, 228 SCRA 129, 134 (1993)).

construction of the law should not be further encouraged. The alternative construction of the provisions of the IP Code, as suggested by the Author, is legally more acceptable, in line with the premises discussed above.

The IP Code provides a tandem of remedies against the unlawful use of trade names: infringement and unfair competition. The main element of infringement — registration — should not be taken for granted when using such remedy in the case of trade names. Instead, the IP Code offers unfair competition as an available remedy.