

The Philippines and International Registration of Trademarks: An Examination of Philippine Accession to the Madrid Protocol

*Alpheus D. Macalalad**

I. INTRODUCTION.....	937
II. PHILIPPINE TRADEMARK LAW	946
A. Trademarks in the Philippines	
B. Filing for Trademark Registration Internationally	
III. THE MADRID PROTOCOL.....	949
A. The Madrid System of International Registration of Marks	
B. The Madrid Protocol	
C. The Advantages and Disadvantages of the Madrid Protocol	
D. The Experience of Other countries	
E. Should the Philippines Accede to the Madrid Protocol?	
IV. ACCESSION TO THE PROTOCOL.....	967
A. Capacity of the Philippines	
B. Procedure of Accession	
C. Pertinent Constitutional Provisions and Economic Nationalism	
D. Effects on Local Trademark Protection	
V. LEGAL IMPLICATIONS AND OTHER CONCERNS	972
A. The Concern Regarding the Language To Be Used	
B. The Concern Regarding the Right of Priority	
C. The Concern Regarding the Color	
D. The Concern Regarding Transliteration, Translation, and Non-Traditional Marks	
E. The Concern on Goods and Services for International Registration	
F. Declaration of Intent to Use	
G. The Concern Regarding International Registration	
H. The Concern on Refusal of Protection	
I. Transforming National Registration to International Registration	
VI. CONCLUSION	977

I. INTRODUCTION

Property may be classified into three kinds: movable property, immovable property, and intellectual property.¹ On the one hand, movable and

* '10 J.D. cand., Ateneo de Manila University School of Law. Member, Board of Editors, *Ateneo Law Journal*.

Cite as 54 ATENEO L.J. 937 (2010).

1. IGNACIO SAPALO, BACKGROUND READING MATERIAL ON INTELLECTUAL PROPERTY 3 (1988).

immovable property are governed by the Civil Code² and defined therein.³ On the other hand, intellectual property in the Philippines is governed by the Intellectual Property Code (IP Code).⁴ “The object[] of intellectual property [is] the creation[] of the human mind.”⁵

It can be an invention, an original design, a practical application of a good idea, a mark of ownership such as trademark, literary and artistic works, among other things. Today it is considered a key component of businesses and most successful companies have recognized the crucial role of intellectual property ensuring their companies’ future. Failure to protect IP may spell the difference between the success and failure of a business entity.⁶

In general, the IP Code protects intellectual property through patents, copyrights, and trademarks.⁷ A patent “is a grant issued by a government giving an inventor the exclusive right to exclude others from making, using, importing, and offering for sale the product of his invention.”⁸

A copyright “protects original expression in the forms of literary, scholarly, scientific, and artistic creations. Copyright protection may also be extended to software programs, compilation of databases, and derivative works. These may include dramatizations, translation, adaptation, abridgement, arrangements, and other alteration of literary or artistic works.”⁹

Lastly, a “[t]rademark or service mark is a distinctive and visible sign, symbol, emblem[,], or device used by the enterprise to differentiate its goods or products.”¹⁰ It is a symbol which is intended to inform the public the fact of who is responsible for the goods placed for public consumption. The same goods which use different trademarks may be produced by different makers, and distributed by different sellers. These trademarks are used by the public

2. An Act to Ordain and Institute the Civil Code of the Philippines [CIVIL CODE], Republic Act. No. 386 (1950).

3. *Id.* arts. 415-417.

4. An Act Prescribing the Intellectual Property Code and Establishing the Intellectual Property Office, Providing for Its Powers and Functions, and for Other Purposes [INTELLECTUAL PROPERTY CODE OF THE PHILIPPINES], Republic Act No. 8293 (1997).

5. SAPALO, *supra* note 1, at 3.

6. Intellectual Property Office of the Philippines, Basic IP Information, *available at* <http://www.ipophil.gov.ph/basicIP.htm> (last accessed Feb. 13, 2010).

7. *Id.*

8. *Id.*

9. *Id.*

10. *Id.*

to help them choose the goods they will purchase. If purchasers are pleased and content with the quality of their acquisition, they will be able to use the trademark in order to repeat the purchase. Consumers easily distinguish between the goods of different sellers by looking at the trademarks.

Trademark protection originated from the early attempts of merchants and craftsmen to differentiate their goods and services from those of others selling the same.¹¹ Putting distinguishing marks on one's work was done even in prehistory.¹² Potters in the fourth century B.C. put their marks on vases they produced.¹³ Some caves in Europe featured bison with symbols. Greek and Roman symbolic inscriptions were found in paintings, vases, and sculptures, among others.¹⁴ In the middle ages, marks, as common practice, were required to be put in products to identify the producers of the goods.¹⁵ During this time, marks were used by the state to police the entrance of foreign or smuggled goods in their territories.¹⁶ A 1426 Ordinance in France made the failure to register certain marks punishable.¹⁷ "These 'proprietor marks' were used to identify producers of inferior goods."¹⁸ Consequently, these proprietor marks were considered a bane.¹⁹

11. See Daniel G. Radler, *The European "Community Trade Mark": Is It Worth the Bothers?*, 1 MARQ. INTEL. PROP. L. REV. 181, 184 (1997) (citing FRANK I. SCHECHTER, *THE HISTORICAL FOUNDATIONS OF THE LAW RELATING TO TRADEMARKS* 19 (1925)); see also *Mirpuri v. Court of Appeals*, 318 SCRA 516, 533-34 (1999) (citing FRANK H. FOSTER & ROBERT L. SHOOK, *PATENTS, COPYRIGHTS, AND TRADEMARKS* 19 (2d ed. 1993)); 1 STEPHEN P. LADAS, *PATENTS, TRADEMARKS, AND RELATED RIGHTS, NATIONAL AND INTERNATIONAL PROTECTION* 3-4 (1975); Frank I. Schechter, *The Rational Basis of Trademark Protection*, 40 HARV. L. REV. 813, 814 (1927); RICHARD WINCOR & IRVING MANDELL, *COPYRIGHT, PATENTS AND TRADEMARKS: THE PROTECTION OF INTELLECTUAL AND INDUSTRIAL PROPERTY* 72 (1980); RUDOLF CALLMANN, 2 *THE LAW OF UNFAIR COMPETITION AND TRADEMARKS* 804-14 (1945).

12. See Radler, *supra* note 11, at 185.; see also *Mirpuri*, 318 SCRA at 533 (citing FOSTER & ROBERT, *supra* note 11, at 19).

13. See Radler, *supra* note 11, at 185 (citing SCHECHTER, *supra* note 11).

14. *Mirpuri*, 318 SCRA at 533 (citing LADAS, *supra* note 11, at 3-4 (1975); FOSTER & SHOOK, *supra* note 11, at 19).

15. See Radler, *supra* note 11, at 185 (citing SCHECHTER, *supra* note 11, at 38); see also *Mirpuri*, 318 SCRA, at 533 (citing FOSTER & SHOOK, *supra* note 11, at 20).

16. *Mirpuri*, 318 SCRA at 533 at 533-34 (citing LADAS, *supra* note 11, at 3-4; Schechter, *supra* note 11, at 814; WINCOR & MANDELL, *supra* note 11, at 72; CALLMANN, *supra* note 11, at 807).

17. See Radler, *supra* note 11, at 185 (citing SCHECHTER, *supra* note 11, at 39).

18. Radler, *supra* note 11, at 185 (citing SCHECHTER, *supra* note 11 at 38); see also *Mirpuri*, 318 SCRA at 533-34 (citing LADAS, *supra* note 11, at 3-4; Schechter,

Trademarks, as representations of goodwill, began to appear when merchants started to sell their goods outside of their locality.²⁰ The public began to recognize individual marks from particular retailers or areas as marks signifying quality.²¹ For example, “linen bearing the mark of the English town of Osnabrück commanded a price twenty percent higher than linen produced in the surrounding area. The transformation of certain marks from a liability to an asset created additional incentive to provide protection of the marks from use by others.”²²

Trademarks have become even more fundamental commercially because of the changes happening in intensely competitive international trade of consumer goods. The modern consumer of today demands variety, quality, and novelty, as compared to the consumer of yesterday. To be able to meet these rigorous demands, merchants streamline their products to specific and heterogeneous niche markets. Thus, manufacturers are motivated to find locations that will enable cheap production of goods for the global market.

Since the 1970s, changes in the manner of production and marketing of consumer products have occurred. Before, companies seldom innovated their products.²³ Today, companies revamp their goods regularly and in short intervals. For example, some shoe companies introduce new sneakers almost every month. This product innovation requires constant marking. Companies are pressured to come up with new trademarks regularly. After being created and examined for availability, the new trademark must be registered and maintained in many territories simultaneously. These are revealed by statistics: trademark registrations worldwide in 1967 amounted to 400,000. By 1992, total registrations summed up to 1,200,000.²⁴ The expectation is that trademark registrations worldwide will continuously increase in even more staggering rates. Thus, trademark owners require speed, certainty, and efficiency in creating, seeking, and protecting their rights in the global market.

Trademarks systems that are reliable, stable, and efficient benefit both the interests of consumers and businesses. For consumers, trademarks decrease search costs and allow buyers to be able to quickly make rational purchasing

supra note 11, at 814; WINCOR & MANDELL, *supra* note 11, at 72; CALLMANN, *supra* note 11, at 807).

19. Radler, *supra* note 11, at 185 (citing SCHECHTER, *supra* note 11 at 38).

20. See Radler, *supra* note 11, at 186 (citing SCHECHTER, *supra* note 11 at 78).

21. Radler, *supra* note 11, at 186 (citing SCHECHTER, *supra* note 11 at 78); see also *Mirpuri*, 318 SCRA at 334 (citing CALLMANN, *supra* note 11, at 808).

22. Radler, *supra* note 11, at 186 (citing SCHECHTER, *supra* note 11, at 79-80).

23. See Marshall A. Leaffer, *The New World of International Trademark Law*, 2 MARQ. INTELL. PROP. L. REV. 1, 5-6 (1998) (citations omitted).

24. See Leaffer, *supra* note 23, at 5-6.

decisions. For businesses, a good trademark system provides incentives to produce quality products. Products that are advertised everyday carry with them intangible information not easily seen or noticed. In the modern trademark environment, trademarks act as a convenient simple symbol that efficiently inform consumers efficiently of the quality that they may desire.²⁵

In Philippine Trademark Law, the function of a trademark is to point out distinctly the origin or ownership of the goods to which it is affixed; to secure to him, who has been instrumental in bringing into the market a superior article of merchandise, the fruit of his industry and skill; to assure the public that they are procuring the genuine article; to prevent fraud and imposition; and to protect the manufacturer against substitution and sale of an inferior and different article as his product.²⁶

To get the rights to a certain mark, and to be able to protect it, it should first be registered according to the provisions of the law.²⁷ Registration and ownership of a trademark in the Philippines gives the owner

the exclusive right to prevent all third parties[,] not having the owner's consent[,] from using in the course of trade identical or similar signs or containers for goods or services[,] which are identical or similar to those in respect of which the trademark is registered where such use would result in a likelihood of confusion.²⁸

Trademark protection is generally territorial. Trademarks registered in the Philippines will only be valid in the Philippines.²⁹ Conversely, the trademarks registered outside the Philippines will not be valid in the country.³⁰ Also, different countries offer different ranges of protection depending on their national law.³¹

25. See Leaffer, *supra* note 23, at 5-6.

Leaffer gives the following example:

“[A] washing machine might include software that controls the correct temperature, or a microwave may apply technology to regulate the length of time a certain vegetable is cooked.” These intangible and unobservable features account for an ever greater value of products. To consumers, they are critical to rational purchasing decisions.

Leaffer, *supra* note 23, at 6; see also *Mirpun*, 318 SCRA at 535.

26. See *Mirpuri*, 318 SCRA at 532 (citing *Gabriel v. Perez*, 55 SCRA 406 (1974)); *Etepha v. Director of Patents*, 16 SCRA 495, 497 (1966); *Phil. Refining Co., Inc. v. Ng Sam*, 115 SCRA 472, 476-77 (1982)).

27. INTELLECTUAL PROPERTY CODE OF THE PHILIPPINES, § 122.

28. *Id.*

29. Leaffer, *supra* note 23, at 8.

30. *Id.*

31. *Id.*

Several treaties involving the treatment of intellectual property have taken effect through the years because of the necessity to provide harmonization between the laws of each country.

In addition to the harmonization of basic substantive law, trends demonstrate the dismantling of administrative, procedural, and technical requirements that so complicate trademark practice for those who choose to embark on an international trademark launch in other countries. These harmonizing trends point to diminishment of territoriality as the organizing principle of trademark law, as well as for other branches of intellectual property law.³²

The Philippines is already a party to some of these treaties. Worth noting are the Agreement on Trade-Related Aspects of Intellectual Property Rights, otherwise known as the TRIPS Agreement³³ and the Paris Convention.³⁴ The TRIPS Agreement “changed the face of intellectual property law as member states modify their laws in order to comply with it. The effects of [the] TRIPS [Agreement] have been noticeable in trademark laws worldwide, particularly in a more expansive recognition of trademark subject matter in the law of many countries.”³⁵

The salient parts of TRIPS Agreement include the Nationality Treatment and the Most-Favoured Nation Clause. The Nationality Treatment Clause mandates that each state give the nationals of other member states the same treatment they give to their own nationals with regard to protection of intellectual property.³⁶ With the Most-Favoured Nation Clause, states must provide any favor concerning protection of intellectual property given to nationals of another state to other member states.³⁷ These provisions have already been assimilated in the IP Code.

The Paris Convention contains the National Treatment Clause, Right-of-Priority Clause, and the Protection Against Unfair Competition Clause. The National Treatment clause in the Paris Convention is similar to the one in the TRIPS agreement.³⁸ The Paris Convention also provides for a right of priority for persons who have filed for registration of a trademark in one of

32. *Id.*

33. Agreement on Trade-Related Aspects of Intellectual Property Rights, Apr. 15, 1994, 33 I.L.M. 1197, 1869 U.N.T.S. 299 [hereinafter TRIPS Agreement].

34. Paris Convention for the Protection of Industrial Property, Mar. 20, 1883, 21 U.S.T. 1583, 828 U.N.T.S. 305 (last revised July 14, 1967) [hereinafter Paris Convention].

35. Leaffer, *supra* note 23, at 8.

36. TRIPS Agreement, *supra* note 33, art. 3.

37. *Id.* art. 4.

38. Paris Convention, *supra* note 34, art. 2.

the member states to file in other countries.³⁹ Lastly, the Paris Convention has provisions regarding protection against unfair competition.⁴⁰ As in the TRIPS Agreement, these provisions have been incorporated in the IP Code.

The IP Code collates the legal, substantial, and procedural mechanisms required for the protection of intellectual property in the Philippines. With regard to trademarks, the IP Code provides, among others, for the registration requirements, duration of certificate of registration, as well as the rights conferred to registered trademarks owners.⁴¹

Rights and privileges concerning a trademark are not created instantaneously upon its creation. These rights and privileges are only received after the trademark has been successfully registered.⁴²

Trademark protection, from its registration all the way to the enforcement of rights, however, is generally territorial. Different trademark laws between different countries differ such that entities will have to register their trademarks several times in different locations in order to gain universal trademark protection (or at least protection in market countries). This process is tedious and expensive for entities who wish to register their mark in several countries.

Also, “[c]ompetition for consumers today takes place in a global economy, and the multinational companies that are its players find the protection of their trademarks to be a matter of great importance. International registration of trade-marks has become a pressing issue.”⁴³

To address this, the Madrid System of international registration of marks was formulated. The Madrid System is actually composed of two treaties:

[First], the Madrid Agreement Concerning the International Registration of Marks, which dates from 1891; and [second], the Protocol Relating to the Madrid Agreement, which came into operation in 1996. The system, administered by the World Intellectual Property Organization (WIPO), provides the opportunity of ensuring the protection of marks in several countries by filing one single international application.⁴⁴

39. *Id.* art. 4.

40. *Id.* art. 10bis.

41. INTELLECTUAL PROPERTY CODE OF THE PHILIPPINES, §§ 121-170.

42. *Id.* § 122.

43. Thorstein Klein, *Madrid Trademark Agreement vs. Madrid Protocol*, 12 J. CONTEMP. LEGAL ISSUES 484, 484 (2001).

44. Advantages of the Madrid System of International Registration of Marks for Small and Medium Sized Enterprises, available at http://www.wipo.int/sme/en/documents/madrid_smes.htm (last accessed Feb. 13, 2010) [hereinafter Advantages of the Madrid System].

By using such system of trademark registration, a person may register a trademark in one office with the possible effect of registration in several jurisdictions. The system has two objectives:

[F]irst, to simplify the procedures with a view to protecting a mark with much lower costs and formalities; second, to facilitate the subsequent management of that protection, since an international registration is equivalent to a bundle of national registrations. There is only one registration to renew, and changes such as a change in ownership or in the name or address of the holder, can be recorded in the International Register through a single simple procedural step. As such, this global protection system, by providing cheaper and simpler procedures, makes the possibility of protecting trademarks in a large number of countries a reality for many enterprises, especially small and medium-sized enterprises, which otherwise would have never been able to afford protecting their marks internationally. In turn[,] the system contributes to fairer competition and economic development, both at a national level and regionally and globally.⁴⁵

Although the basic principles of the Madrid Agreement and the Madrid Protocol are the same, they differ in a number of respects, such as the fees and the time limits within which the Office of a designated country can issue a refusal of protection of the mark. The rules governing communications with the International Bureau (IB) also vary.⁴⁶ Interestingly, the Madrid Protocol “is designed to address shortcomings identified with the registration system established under the Madrid Agreement.”⁴⁷

The Madrid Protocol introduces several major changes, among which are: international registrations can be made based upon national applications, as well as upon national registrations; an eighteen-month period, instead of twelve months, is allowed for state refusal to registration and a longer period for opposition by a third party; and a failed international registration can be transformed into national applications in each designated country, with the filing date and priority date of the respective international registration.⁴⁸

A country may become a party to either the Protocol or the Agreement[,] or both. Furthermore, an intergovernmental organization that has a regional Office for the purposes of registering marks with effect in the

45. *Id.*

46. MASSACHUSETTS CONTINUING LEGAL EDUCATION INC., *Twenty Questions About the Madrid Protocol*, OUP T MA-CLE D-1 (2006) [hereinafter MCLE, *Twenty Questions*].

47. Robert H. Hu, *International Legal Protection of Trademarks in China*, 13 MARQ. INTELL. PROP. L. REV. 69, 88 (2009).

48. *Id.* (citing Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks, June [28], 1989, arts. 2-3, 5, & *quinquies*, S. Treaty Doc. No. 106-41 [hereinafter Madrid Protocol]).

territory of the organization (such as the European Community) may accede to the Protocol (but not to the Agreement).⁴⁹

Mainly, the Madrid Protocol establishes

an international trademark filing system administered by the International Bureau (IB) of the World Intellectual Property Organization (WIPO) in Geneva, Switzerland. The owner of a mark that is the subject of an application or a registration in any of the ... countries party to the Protocol may seek protection of its mark in some or all of the other contracting countries by filing an international application with the owner's home trademark office, designating the other countries where protection is desired. The home office certifies the accuracy of the international application and forwards it to the International Bureau. WIPO examines the international application as to form and, if acceptable, promptly issues an International Registration (IR). WIPO then forwards a request for extension of protection to each designated country, which will then examine the request in accordance with its own laws. A contracting party may refuse protection of a mark on any Paris Convention grounds that would apply in the case of an application directly filed in that jurisdiction. A granted request for extension of protection has the same force and effect as a registration issued from a directly filed application. The granted extension requests then form a bundle of foreign rights under the umbrella of the IR. The owner may add more Protocol countries to the IR by subsequent designations, which will be processed in the same way as the original designations.

By creating a "one stop" international application filing system, the Protocol will, according to its advocates, make it easier and less expensive for [] businesses to protect their trademarks as they expand in the global marketplace.⁵⁰

The number of member countries has ballooned from five in the year 1995 to 49 in the year 2000.⁵¹ Currently, there are 81 countries that are contracting parties to the Madrid Protocol.⁵² Several countries, including the Philippines, have yet to become members of the Protocol. However, following the trend of accession of other states, Philippine accession may follow.

But the question begging to be asked is: Should the Philippines follow suit? This Note answers the question by discussing the current Philippine

49. MCLE, *Twenty Questions*, *supra* note 46.

50. John L. Welch & Ann L. Hammitte, *The Madrid Protocol: 10 Things You Really Need to Know*, ALLEN'S TRADEMARK DIGEST, Feb. 2004, at 11.

51. World Intellectual Property Organization, *Treaties Statistics (Madrid Protocol)*, available at [http://wipo.int/treaties/en/statistics/ Stats_Results.jsp? treaty_id=8&lang=en](http://wipo.int/treaties/en/statistics/Stats_Results.jsp? treaty_id=8&lang=en) (last accessed Feb. 13, 2010).

52. *Id.*

trademark setting together with the Madrid Protocol and weighing the advantages and the disadvantages of Philippine accession to the Madrid Protocol. The capacity of the Philippines to accede to the Madrid Protocol will also be discussed. The goal of this Note is to provide a legal and practical analysis of Philippine accession to the Madrid Protocol, and by doing so, also provide recommendations that will favor all the stakeholders in the trademark community.

II. PHILIPPINE TRADEMARK LAW

Philippine Trademark Law has undergone several regimes which naturally dictated most of its substance. The Philippines had a trademark law during the latter parts of the Spanish colonization period, which continued to have legal effect even after the Treaty of Paris was signed.⁵³ The Spanish trademark system gave trademark rights to whomever was first to register.⁵⁴ The Philippine Commission subsequently passed an act governing trademarks, “adopting the actual use system in lieu of the registration system”⁵⁵ formerly being used.⁵⁶ After the American regime, a new trademark law was passed, which considered “lawful use in commerce as the basis for acquisition of trademarks.”⁵⁷ Philippine Trademark Law is now being governed by the IP Code.

A. Trademarks in the Philippines

a. Registration

“The rights in a mark shall be acquired through registration made validly in accordance with the [IP Code].”⁵⁸ The IP Code provides for several formal and substantive requirements for applications for registration of trademarks.

The application must be in Filipino or English and must contain the facts required by the IP Code.⁵⁹ Also, “[t]he applicant or the registrant shall file a declaration of actual use of the mark with evidence to that effect, as prescribed by the Regulations within three (3) years from the filing date of

53. CHRISTOPHER HEATH, *Intellectual Property Rights in Asia*, in INTELLECTUAL PROPERTY LAW IN ASIA 364-65 (Christopher Heath ed., 2003).

54. *Id.*

55. *Id.*

56. *Id.*

57. *Id.*

58. INTELLECTUAL PROPERTY CODE OF THE PHILIPPINES, § 122.

59. *Id.* § 124.1.

the application. Otherwise, the application shall be refused or the mark shall be removed.”⁶⁰

“If the applicant is not domiciled or has no real and effective commercial establishment in the Philippines, he shall designate by a written document filed in the office, the name and address of a Philippine resident who may be served notices or process in proceedings affecting the mark.”⁶¹

The filing date of an application is the date on which the Intellectual Property Office (IPO) receives: 1) the indication that registration is sought; 2) the identity of the applicant; 3) indications sufficient to contact the applicant or representative; 4) a reproduction of the mark for which the registration is sought; 5) the list of goods or services for which the registration is sought; and 6) payment of the required fee.⁶²

Once these requirements are complied with, the IPO shall examine if the application follows the substantive requirements.⁶³ After paying the required fee, the application shall be published.⁶⁴ If for any reason, the application is refused, the applicant has four months to reply or amend his application, which shall be re-examined.⁶⁵

An opposition to an application may be filed if a person believes that the registration of a mark may be damaging to him.⁶⁶ The opposition must be filed within 30 days from publication of the application.⁶⁷ The merits of the opposition will be determined following due process.⁶⁸

If no opposition is filed within the time period, or such opposition was denied, the IPO shall issue a certificate of registration.⁶⁹ The certificate of registration serves as “prima facie evidence of the validity of the registration, the registrant’s ownership of the mark, and of the registrant’s exclusive right to use the same in connection with the goods or services and those that are

60. *Id.* § 124.2.

61. *Id.* § 125.

62. *Id.* § 127.

63. *Id.* § 133.1.

64. INTELLECTUAL PROPERTY CODE OF THE PHILIPPINES, § 133.2.

65. *Id.* § 133.3.

66. *Id.*

67. *Id.*

68. *Id.* §§ 134-135.

69. *Id.* § 136.

related thereto specified in the certificate.”⁷⁰ Such certificate of registration is valid for a term of 10 years, and renewable for a period of 10 years.⁷¹

b. Rights Conferred

Owners of a mark have the exclusive right

to prevent all third parties[,] not having the owner’s consent[,] from using in the course of trade identical or similar signs or containers for goods or services which are identical or similar to those in respect of which the trademark is registered where such use would result in a likelihood of confusion. In case of the use, of an identical sign for identical goods or services, a likelihood of confusion shall be presumed.⁷²

The registration of the mark does not confer on the registered owner the right to preclude third parties from using *bona fide* their

names, addresses, pseudonyms, a geographical name, or exact indications concerning the kind, quality, quantity, destination, value, place of origin, or time of production or of supply, of their goods or services [when] such use is confined to the purposes of mere identification or information and cannot mislead the public as to the source of the goods or services.⁷³

Owners who find third parties unlawfully using their registered trademarks may file for infringement.⁷⁴ Aside from being awarded damages, the infringing material may also be ordered destroyed.⁷⁵

For unregistered marks, the owner can get relief from infringers by filing an action for unfair competition.⁷⁶

Lastly, a foreign national or juridical person “who does not engage in business in the Philippines may bring a civil or administrative action hereunder for opposition, cancellation, infringement, unfair competition, or false designation of origin and false description, whether or not it is licensed to do business in the Philippines under existing laws.”⁷⁷

B. Filing for Trademark Registration Internationally

70. INTELLECTUAL PROPERTY CODE OF THE PHILIPPINES, § 138.

71. *Id.* §§ 145-146.

72. *Id.* § 147.1.

73. *Id.* § 148.

74. *Id.* § 155.

75. *Id.* § 157.

76. Alex Ferdinand S. Fider, *The Philippines, in* INTELLECTUAL PROPERTY LAW IN ASIA (Christopher Heath ed., 2003).

77. INTELLECTUAL PROPERTY CODE OF THE PHILIPPINES, § 160.

Currently, filing an application for registration of marks internationally is tedious and difficult. Most applications for foreign trademark protection are filed directly in the jurisdiction where protection is being sought. The filing process requires most of these steps: 1) obtain foreign attorneys/agents in each country; 2) obtain Powers of Attorney/Notarial Certificates, etc., as needed for each country; 3) secure multiple priority documents for filing in each office, as required; 4) attend to necessary legalization through states/consulate offices/state department; 5) assemble all documentation and information for each country and forward to individual agents; 6) obtain necessary translations; 7) have the foreign national application drafted; 8) file in each foreign office; and 9) pay fees in each foreign office (and to each foreign agent).⁷⁸

The list is quite long, and is in all probability incomplete because requirements vary from country to country. “The time and cost involved when filing in even a dozen countries is considerable. World-wide filing can often be prohibitively time-consuming and expensive.”⁷⁹ To respond to this, the Madrid System of International Registration of Marks was formulated and entered into force.

III. THE MADRID PROTOCOL

A. The Madrid System of International Registration of Marks

The Madrid Protocol is one of two treaties, which form part of the Madrid System of International Registration of Trademarks. The other treaty is the Madrid Agreement Concerning the International Registration of Marks (Madrid Agreement).⁸⁰ The Madrid System is facilitated by the World Intellectual Property Office (WIPO)⁸¹ in Geneva.

The Madrid Agreement is a 100-year old treaty, which “has provided an efficient and inexpensive way for trademark owners to obtain simultaneous protection for their marks in numerous foreign countries.”⁸² “Its goal was

78. See Albert Tramposch, *The Madrid Protocol: A Brief Primer for U.S. Trademark Holders* (Washington Legal Foundation, Contemporary Legal Note Series No. 45, Dec. 2003), available at <http://www.wlf.org/upload/1203CLNTramposch.pdf> (last accessed Feb. 13, 2010).

79. *Id.*

80. Madrid Agreement Concerning the International Registration of Marks, Apr. 14, 1891, 828 U.N.T.S. 389 [hereinafter Madrid Agreement].

81. The WIPO is also known as the “International Bureau” under the Madrid Protocol.

82. Roger E. Schechter, *Facilitating Trademark Registration: The Implications of U.S. Ratification of the Madrid Protocol*, 25 GEO. WASH. J. INT’L. L. & ECON. 419, 419 (1991).

laudable — to promote the international registration of trademarks through a single application and a single payment based on the number of countries for which trademark protection is sought.”⁸³ Through the Madrid Agreement, “once a business has obtained a trademark registration in its home country, a single application, filed with the [WIPO], takes the place of an individual national application in as many of the other Madrid Union nations as the applicant chooses to designate.”⁸⁴ The Madrid Agreement

allowed nationals of the countries who are members of the Agreement to protect their trademarks, whether for goods or for services, in any or all of the other member countries. This is done by means of a single international application that is filed in one place, in one language (French), with a minimum of formalities, with one fee and paid in a single currency. This results in only one registration, with one number and one renewal date.⁸⁵

Members of the Madrid Agreement and the Madrid Protocol constitute the Madrid Union.⁸⁶ Interestingly, more states are becoming members of the Madrid Union through the Madrid Protocol, and not through the Madrid Agreement. In fact, “[m]any nations, were not interested in signing the [Madrid] Agreement.”⁸⁷ As of 2009, only 56 nations have signed the Madrid Agreement.⁸⁸ The Philippines is not a party to the Madrid Agreement.

Many countries, however, feel the need to accede to the newer Madrid Protocol. 81 countries have become parties to the Madrid Protocol as of 2009 according to the statistics provided by WIPO.⁸⁹ This does not come as a surprise because the Madrid Protocol provides for “new features [that] remove the difficulties that were preventing certain countries from adhering

83. Klein, *supra* note 43, at 484.

84. Schechter, *supra* note 82, at 419.

85. Edwin E. Wallis III, *The Madrid Protocol: Will This International System Succeed in the United States?*, 8 UCLA J.L. & TECH. 1, 2 (Spring, 2004).

86. International Bureau of WIPO, *International Framework for Protection of Trademarks and Geographical Indications*, WIPO/TM/BEY/03/1 (2003) [hereinafter IBWIPO, *International Framework*].

Every member of the Madrid Union is a member of its Assembly. Among the most important tasks of the Assembly are the adoption of the program and budget of the Union and the adoption and modification of the implementing regulations, including the fixing of fees connected with the use of the Madrid system.

Id.

87. Wallis, *supra* note 85, at 2.

88. World Intellectual Property Organization, *Treaties Statistics (Madrid Agreement)*, available at http://www.wipo.int/treaties/en/statistics/StatsResults.jsp?treaty_id=21&lang=en (last accessed Feb. 13, 2010).

89. *Treaties Statistics (Madrid Protocol)*, *supra* note 48.

to the Madrid Agreement.”⁹⁰ The Madrid Protocol introduces several innovations which differentiate it from the Madrid Agreement:

- (a) The applicant may base his application for international registration on a pending national application, rather than having to wait for a national registration;
- (b) Instead of 12 months, the national trademark office can opt for a longer period of 18 months (or longer, in the case of refusals based on oppositions) to notify the World Intellectual Property Organization (WIPO) of objections to the international registration;
- (c) Each national trademark office may receive higher fees than under the Madrid Agreement. Thus, applicants should expect to pay more for trademarks filed under the Protocol, but still considerably less than filing independent national applications;
- (d) If the national application on which the international registration is based is refused, withdrawn or cancelled, the international registration may be converted into national applications without losing the original filing date or priority date;
- (e) Applications under the Protocol may be in French, English or Spanish, whereas the Madrid Agreement permits only French;
- (f) With the European Union as a member of the Madrid Protocol, it is possible to designate the European Union in an international application and thereby obtain a Community Trade Mark registration via the Madrid Protocol.⁹¹

B. The Madrid Protocol

The Madrid Protocol was drafted in Spain on 27 June 1989, almost 100 years after the Madrid Agreement was adopted.⁹²

The Protocol appears similar in structure to the Agreement, but various changes were made in order to improve the treaty from its predecessor of the nineteenth century. Overall, the main objectives of the Protocol remain the same as the Agreement: (1) assist firms with obtaining protection for marks and (2) ease the management of the marks on an international level.⁹³

90. International Trademark Association, Madrid Protocol, *available at* http://www.inta.org/index.php?option=com_content&task=view&id=190&Itemid=59&getcontent=1 (last accessed Feb. 13, 2010).

91. *Id.* The salient features of the Madrid Protocol will be further discussed below.

92. Wallis, *supra* note 85, at 1.

93. *Id.* at 2.

The Madrid Protocol may easily be confused with other trademark treaties which harmonize the treatment of trademarks within certain regions.⁹⁴ The Madrid Protocol, however, is “an international trademark registration filing system [and] is not intended to be a harmonization treaty.”⁹⁵ The WIPO does not “issue a single trademark registration enforceable in multiple jurisdictions ... Rather, the Madrid Agreement and the Madrid Protocol create a centralized filing system which simplifies the process of obtaining and maintaining national trademark registrations in the member countries of the Madrid Union.”⁹⁶ The Madrid Protocol is only intended to be a mechanism for filing trademark registrations. Simple as it may seem, the Madrid Protocol may actually change the way some companies conduct their business.⁹⁷

a. Who may use the Madrid Protocol?

A natural person or a legal entity may file an application for international registration (an “international application”).⁹⁸ The person or entity is one, which has a real and effective industrial or commercial establishment, or domiciled in, or otherwise a national of a country, which is party to the Madrid Agreement or the Madrid Protocol.⁹⁹ A person or entity who either has a real and effective industrial or commercial establishment; or is domiciled in the territory of an intergovernmental organization which is a party to the Madrid Protocol; or is a national of a member state of such an organization, may also initiate an international application.¹⁰⁰ Negatively stated, “[t]he Madrid system of international registration cannot be used by a person or legal entity which does not have the necessary connection, through establishment, domicile[,] or nationality, with a member of the Madrid Union. Nor can it be used to protect a mark outside the Madrid Union.”¹⁰¹

94. Some samples of harmonization treaties are the Community Trademark System followed in the European Union and the Benelux Agreement between Belgium, Netherlands, and Luxembourg.

95. Carlisle E. Walters, *The Madrid Protocol*, 4 *FORDHAM INTELL. PROP. MEDIA & ENT. L. J.* 407, 408 (1993).

96. John M. Murphy, *Demystifying the Madrid Protocol*, 2 *NW. J. TECH. & INTELL. PROP.* 2, 2 (2004).

97. See Lauren Perez, *Protecting Brand Names Overseas*, available at http://www.worldtrademag.com/Articles/Feature_Article/fa343ae818at7010VgnVCM100000f932a8co (last accessed Feb. 13, 2010).

98. IBWIPO, *International Framework*, *supra* note 86.

99. *Id.*

100. *Id.*

101. *Id.*

b. Where is the place of application?

“The international application is filed with the International Bureau through the intermediary of the office where the basic application was filed or by which the basic registration was made.”¹⁰² This office is known as the “Office of Origin.”¹⁰³

Additionally, “[b]efore a mark can be the subject of an international application, it must already have been registered, or registration must have been applied for, for the same goods or services with the trademark registration office of a country”¹⁰⁴ of a person entitled to initiate the application.

What are the kinds of international application? There are three kinds of international applications that may be filed: a) an international application governed exclusively by the Madrid Agreement, where all the designations are made under the Agreement; b) an international application governed exclusively by the Madrid Protocol which means that all the designations are made under the Protocol; and c) an international application governed by both the Madrid Agreement and the Madrid Protocol, where some of the designations are made under the Agreement and some under the Protocol.¹⁰⁵

c. What language must be used in the application?

The application may be filed using two languages depending on the type of application and on the Office of Origin.¹⁰⁶ If the international application is of the first type (governed exclusively by the Madrid Agreement), it must be filed in French.¹⁰⁷ If it is of the second or third type (governed exclusively by the Madrid Protocol or by both the Madrid Agreement and the Madrid Protocol), it may be filed using either English or French.¹⁰⁸ “The Office of Origin may however restrict the applicant’s choice to one of these languages.”¹⁰⁹

d. What fees must be paid in filing?

102. Madrid Protocol, *supra* note 48, art. 2 (2).

103. *Id.* art. 2.

104. MCLE, *Twenty Questions*, *supra* note 46.

105. IBWIPO, *International Framework*, *supra* note 86.

106. Common Regulations under the Madrid Agreement Concerning the International Registration of Marks and the Protocol Relating to That Agreement, rule 6 (1), Sep. 1, 2008 [hereinafter Common Regulations].

107. *Id.*

108. *Id.*

109. MCLE, *Twenty Questions*, *supra* note 46.

The international application is subject to the payment of the following fees:

- (a) a basic fee;
- (b) a complementary fee in respect of each designated Contracting Party for which no individual fee is payable;
- (c) an individual fee in respect of any Contracting Party which is designated under the Protocol and has declared that it wishes to receive such a fee; (the amount of the individual fee is determined by each Contracting Party; it may not be higher than the amount that would be payable for the registration of a mark in the Office of that Contracting Party; the amounts of the respective individual fees are published in the Gazette);
- (d) a supplementary fee in respect of each class of goods and services beyond the third; no supplementary fee is payable however where all the designations are ones in respect of which an individual fee has to be paid.¹¹⁰

e. Registration of the Trademark

The Office of Origin then certifies that “the particulars appearing in the international application correspond to the particulars appearing, at the time of the certification, in the basic application or basic registration, as the case may be.”¹¹¹ Upon certification of this information, the Office of Origin will then forward the application to the International Bureau.¹¹²

“The International Bureau checks that all the filing requirements are met and that the goods and services are correctly classified. If so, the mark is recorded in the International Register. The IB then notifies the international registration to the Offices of the designated countries.”¹¹³ It is worth noting that “[t]he International Bureau does not examine whether the mark[,] as such[,] qualifies for protection, or whether an identical or similar mark has already been registered [since] that is a matter for the Offices of the designated countries.”¹¹⁴

If the IB receives the international application within two months from the date the Office of Origin, the date of international registration will be

110. *Id.*

111. Madrid Protocol, *supra* note 48, art. 3. The Madrid Protocol also has some additional duties for the Office of Origin.

112. *Id.*

113. MCLE, *Twenty Questions*, *supra* note 46.

114. *Id.*

this original date.¹¹⁵ Otherwise, the international registration will bear the date the IB receives the application from the Office of Origin.¹¹⁶

Also, “[t]he effects of an international registration can be extended to a [c]ontracting [p]arty not covered by the international application by filing a subsequent designation. Thus the holder of an international registration can expand the geographical scope of the protection of his mark in line with his business needs.”¹¹⁷

f. Effects of International Registration

When the trademark has been registered by the IB, “the protection of the mark in each of the [c]ontracting [p]arties concerned shall be the same as if the mark had been deposited direct with the Office of that [c]ontracting [p]arty.”¹¹⁸

If no refusal has been notified to the International Bureau ... or if a refusal notified in accordance with the said Article has been withdrawn subsequently, the protection of the mark in the [c]ontracting [p]arty concerned shall ... be the same as if the mark had been registered by the Office of that [c]ontracting [p]arty.¹¹⁹

“A [c]ontracting [p]arty to which the international registration has been extended may refuse registration. Any such refusal can be based only on the grounds which would apply, under the Paris Convention ... in the case of a mark deposited direct with the Office which notifies the refusal.”¹²⁰

At the event of refusal,

[t]he holder has the same right to contest the refusal with the Office that issued it as if the mark had been deposited direct with that Office. Where the refusal relates to only some of the goods and services listed in the international registration, and the refusal is not contested, the mark stands protected for the remaining goods or services, without any action being needed on the part of the holder.¹²¹

Registration of a mark at the IB is effective for 10 years, with the possibility of renewal for another 10 years.¹²²

Lastly,

115. Madrid Protocol, *supra* note 48, art. 4 (3).

116. *Id.*

117. IBWIPO, *International Framework*, *supra* note 86.

118. Madrid Protocol, *supra* note 48, art. 4.

119. *Id.*

120. *Id.* art. 5 (1).

121. MCLE, *Twenty Questions*, *supra* note 46.

122. Madrid Protocol, *supra* note 48, art. 6.

[a]n international registration is deemed to replace a national or regional registration for the same mark and the same goods and services recorded in the name of the same person in a designated [c]ontracting [p]arty. The effect of replacement is that, if the national or regional registration is not renewed, the holder of the international registration may continue to benefit from the earlier rights acquired by reason of that national or regional registration.¹²³

g. Dependence and Central Attack

An international registration is dependent on the mark registered or applied for in the Office of Origin for five years from the date of its registration.¹²⁴ “If, during the first five years following the date of the international registration, the basic application is refused or withdrawn, or the basic registration is canceled, the international registration must also be canceled.”¹²⁵

If, and to the extent that, the basic registration ceases to have effect, whether through cancellation following a decision of the Office of [O]rigin or a court, through voluntary cancellation or through non-renewal, within this five-year period, the international registration will no longer be protected. Similarly, where the international registration was based on an application in the Office of [O]rigin, it will be canceled if, and to the extent that, that application is refused or withdrawn within the five-year period, or if, and to the extent that, the registration resulting from that application ceases to have effect within that period.¹²⁶

This is also known as the “central attack.”¹²⁷ “However, there is a three month window in which the trademark owner has the right to transform the failed International Registration into national applications or registrations in the designated countries, all of which will retain the original filing date and any priority claimed.”¹²⁸ This, in effect, mitigates the effect of a central attack.¹²⁹ “[A]fter the expiry of the five year term after application, the

123. World Intellectual Property Organization (WIPO), *The Madrid Agreement Concerning the International Registration of Marks and the Protocol Relating to that Agreement: Objectives, Main Features, Advantages* (WIPO Publication No. 418(E)), available at http://www.wipo.int/freepublications/en/marks/418/wipo_pub_418.pdf (last accessed Feb. 13, 2010).

124. MCLE, *Twenty Questions*, *supra* note 46.

125. *Id.*

126. IBWIPO, *International Framework*, *supra* note 86.

127. P. Jay Hines, *Practical Considerations of Using the Madrid Protocol*, available at <http://www.oblon.com/Pub/Madrid-Protocol-article2003.pdf> (last accessed Feb. 13, 2010).

128. *Id.*

129. See MCLE, *Twenty Questions*, *supra* note 46.

international registration and all designations become independent of the basic application or registration.”¹³⁰

h. Who are the parties involved?

“Use of the Madrid System involves the following: the applicant, his representative, the trademark office as an Office of Origin, the trademark office as an Office of a [c]ontracting [p]arty, and the IB of the WIPO.”¹³¹

The applicant is the person filing for international registration. If qualified, the applicant has the choice of choosing the Office of Origin to initiate the process of international registration under the Madrid Protocol.¹³² Because the application is vulnerable to a central attack, the protection granted by the Madrid Protocol relies on “the rights extended by the basic application or registration, a trademark owner with a choice of country of origin due to the existence of subsidiaries or related companies can be expected to consider which jurisdiction will provide him with the broadest rights.”¹³³

The representative is a person appointed by an applicant to represent him to the IB.¹³⁴ Such representative must have an address in the territory of a contracting party.¹³⁵

The Office of Origin is the agency where the international application is filed. It is tasked with “receiv[ing] applications for international registration and transmit[ting] the international application to the IB within two months from receipt in order for the international registration to bear the same date as the date of its receipt by the Office of [O]rigin”¹³⁶ as well as for “certifying the legitimacy of the use of certain elements incorporated in a mark.”¹³⁷ It notifies the IB of any “withdrawal, lapse, renunciation or issuance of a final decision of rejection, revocation, cancellation or invalidation of a basic application or registration that occurs before expiry of the initial five-year period.”¹³⁸

130. Hines, *supra* note 127.

131. Maricris Jan Tobias, *The Legal and Technical Implications of Japanese and Philippines Accession to the Madrid Protocol 27* (Mar. 2007) (unpublished report, on file with Intellectual Property Office of the Philippines).

132. *Id.*

133. *Id.* at 27.

134. Common Regulations, *supra* note 106.

135. *Id.*

136. Tobias, *supra* note 131, at 30 (citing Madrid Protocol, *supra* note 48, art. 3 (2)).

137. *Id.* (citing Madrid Protocol, *supra* note 48, art. 5*bis*).

138. *Id.* (citing Madrid Protocol, *supra* note 48, arts. 6 (4) & 6 (3)).

The trademark office of a contracting party “receives requests for designation from the International Bureau and determines if the subject mark is qualified for protection under domestic laws.”¹³⁹ It can refuse protection based on applicable legislation.¹⁴⁰

The IB receives the international application from the Office of Origin and determines if requirements are met.¹⁴¹ It also classifies the marks into the proper classes, and notifies the proper parties with regard to the action taken concerning the mark.¹⁴²

C. The Advantages and Disadvantages of the Madrid Protocol

a. The benefits

The Madrid Protocol presents several benefits to woo countries to accede to the Treaty. First, the Madrid Protocol offers convenience for trademark holders who wish to register their marks internationally.

After registering the mark, or filing an application for registration, with the Office of [O]rigin, he has only to file one application, in one language, and pay one fee instead of filing separately in the trademark Offices of the various [c]ontracting [p]arties in different languages and paying a separate fee in each Office. Moreover, the holder does not have to wait for the Office of each [c]ontracting [p]arty in which protection is sought to take a positive decision to register the mark; if no refusal is notified by an Office within the applicable time limit, the mark is protected in the [c]ontracting [p]arty concerned.¹⁴³

With only one filing, a trademark holder may designate in his international application all States, which are members of the same Treaty as the country of his Office of Origin.¹⁴⁴ Additionally, the applicant does not need to instruct foreign representatives in each country that one designates for protection.¹⁴⁵ “Only in the case of an official action in a designated country must one obtain legal representation to prosecute the application.”¹⁴⁶

After the application, “(1) an applicant is guaranteed to know if the application has been accepted or refused within a certain period of time[;] (2)

139. *Id.* at 31 (citing Madrid Protocol, *supra* note 48, art. 3*ter*).

140. Madrid Protocol, *supra* note 48, art. 5 (1).

141. *Id.* art. 3 (2).

142. *Id.*

143. IBWIPO, *International Framework*, *supra* note 86.

144. Hines, *supra* note 127.

145. *Id.*

146. *Id.*

the applicant is allowed to designate additional countries after registration[;] and (3) the applicant is afforded the opportunity of easily supplementing and renewing the application.”¹⁴⁷

Second, the Madrid Protocol also offers significant cost savings for the applicant. “Trademark owners seeking trademark protection through the Madrid Protocol can expect a significant cost savings in terms of filing fees and foreign associate charges, particularly in the case of a large filing program.”¹⁴⁸ There is also savings from post-registration expenses: “[C]hanges to the international registration, such as changes of name, address, ownership[,] and the like, can be made by filing a single document and paying one fee.”¹⁴⁹ Then, after expiration of the 10-year term, it may be renewed by simply paying one renewal fee.¹⁵⁰

Third, there may be some national advantages. It is noted that the trademark system of any nation will become more open and present in the globalized economy.¹⁵¹ Accession may send a signal indicating a “shift toward a more business-friendly environment.”¹⁵² The local industry will benefit from a possible increase of foreign designations of trademarks. Then, there is also that window of opportunity to increase internationalization of businesses.¹⁵³

Further,

147. Wallis, *supra* note 85, at 7.

148. Murphy, *supra* note 96, at 8.

149. Matthew R. Jenkins, *Registering Your Clients' or Company's Trademarks and Service Marks in Foreign Countries With a Single Application*, THE FLORIDA BAR JOURNAL 51, 53 (2004).

150. See Jenkins, *supra* note 149, at 53.

151. The Madrid Protocol, being a treaty expanding intellectual property rights internationally, is an “important element in a broader policy package that governments in developing economies should design with a view toward maximizing the benefits of expanded market access and promoting dynamic competition in which local firms take part meaningfully.” Keith E. Maskus, *The Role of Intellectual Property Rights in Encouraging Foreign Direct Investment and Technology Transfer*, in INTELLECTUAL PROPERTY AND DEVELOPMENT: LESSONS FROM RECENT ECONOMIC RESEARCH 41-42 (Carsten Fink & Keith E. Maskus eds., 2005).

152. *Id.* at 63.

“[T]here is little evidence, [however], supporting the responsiveness of investment to this signal.”

Id.

153. Wallis, *supra* note 85, at 8 (citing Carles Prat, *Why the Madrid Protocol Can Benefit Practitioners*, MANAGING INTELLECTUAL PROPERTY, July-Aug. 2003, at 24).

[i]nternational registration is also to the advantage of Trademark Offices. They do not need to examine for compliance with formal requirements, or classify the goods or services, or publish the marks. Moreover, they are compensated for the work that they perform; the individual fees collected by the International Bureau are transferred to the [c]ontracting [p]arties in respect of which they have been paid, while the complementary and supplementary fees are distributed annually among the [c]ontracting [p]arties not receiving individual fees, in proportion of the number of designations made of each of them.¹⁵⁴

Trademark users stand to be most benefited by the Madrid Protocol. In fact, the advantages of the Madrid Protocol are mostly for businesses which use trademarks. According to a medium-sized business proprietor, who has trademark registrations in a minimum of four countries, the idea of filing just one application is certainly convenient, rather than filing a myriad of applications in different countries.¹⁵⁵ Interestingly, the proprietor did not find that the costs of conventional filing of international trademark registrations are very high, but did comment that the legal fees are expensive.¹⁵⁶

Small and medium enterprises are the actual subjects of the Madrid Protocol.¹⁵⁷ Currently, the multinational companies have the capability to protect their marks internationally despite the costs and complexity of the process. Accession to the Madrid Protocol decreases the difficulty and expenses of international trademark registration. This gives the small and medium businesses enterprises much needed access to international trademark registration. Arguably, only the local multinational companies will use the Madrid Protocol, as only a handful of them are known to actually do business outside the Philippines. However, more Filipino homegrown marks and brands have started to go abroad.¹⁵⁸ With the proper support from the government in promoting homegrown products, more and more brands may go overseas, and may thus require trademark protection.

Trademark practitioners also stand to benefit from accession. Accession will bring about an increase in the number of international applications, designations of other countries, and as consequences of this, oppositions as well as cancellations may also increase. Legal counseling on strategies and

154. IBWIPO, *International Framework*, *supra* note 86.

155. Telephone Interview with Albert Tan, member of the Board of Directors, Yellow Cab Pizza Co., in Quezon City (May 2009).

156. *Id.*

157. Gil C. Cabacungan, Filipino Brands Taking on the World, *available at* http://globalnation.inquirer.net/news/news/view/20070503-63873/Filipino_brands_taking_on_the_world (last accessed Feb. 13, 2010).

158. *Id.*

trademark searches may also increase.¹⁵⁹ It is worth noting that “accession of one’s own country to the Protocol changes the nature of the practice of some trade mark practitioners ... [A]dministrative work will decline, but there will be more opportunities for a different type of more ‘value added’ work.”¹⁶⁰

b. The disadvantages

Commentators also recognize that the Madrid Protocol offers several disadvantages, the most notable of which is the vulnerability to a central attack.¹⁶¹ “The scope of coverage of an International Registration under the Protocol is tied to the scope of the home application/registration for at least the first five years of life of the International Registration.”¹⁶² In the event that the effects of the basic application or registration cease, the international registration also stops. Of course, as mentioned, the single application may be transformed to several national applications, thereby preserving the date of registration. This, however, eventually leads to a second weakness: transforming the international application to several national applications will increase expenses, effectively offsetting any cost-savings.¹⁶³

Another disadvantage is the fact that the Madrid Protocol is not a substantive trademark law.¹⁶⁴ “[I]t is not a freestanding, supranational registration.”¹⁶⁵ Rather, the Madrid Protocol only provides a mechanism that obtains simultaneous registrations in designated countries as together with that filed in the Office of Origin.¹⁶⁶ “Thus, a Madrid application will not have any effect until the designated countries grant protection to the mark under their laws.”¹⁶⁷

There is also that restriction on amendment of marks and restriction on assignment of ownership of trademarks.

159. See Prat, *supra* note 153.

160. *Id.*

161. Murphy, *supra* note 96.

162. See Madrid Protocol, *supra* note 48, art. 6; John L. Welch, *Madrid Bound: The United States Approaches Ratification of the Madrid Protocol*, INTELLECTUAL PROPERTY TODAY, Jan. 2001, at 30.

163. See Peter Wilner, *The Madrid Protocol: Balancing Sovereignty and Efficiency*, 84 J. PAT. & TRADEMARK OFF. SOC’Y 871 (2002).

164. See Tobias, *supra* note 131.

165. Christopher Kelly & Marisa Faunce, *The Madrid System and a Streamlined Process for Registering Trademarks Around the World*, THE FRANCHISE LAWYER, Winter 2003, at 1.

166. See Tobias, *supra* note 131.

167. *Id.* at 21.

At the time of renewal, the mark has to remain the same as in the basic application. Trademark holders whose marks are not intended to remain the same for a long period of time[;] or marks intended to be used for only a limited period[;] or those which use variations of the same mark depending on the language of the country where protection is sought may not find the Madrid system to their advantage.¹⁶⁸

The change in ownership may be recorded only if the transferee is a person who is entitled to file international applications. If there are several transferees, each of them must qualify; otherwise, the change in ownership may not be recorded in respect of a given designated [c]ontracting [p]arty in which the transferee is not qualified. Otherwise, the transfer will be recorded as a partial change in ownership.¹⁶⁹

The Madrid Union also has limited membership. “[M]ost of the members of the ASEAN region, except for Singapore and Vietnam, have yet to accede to it ... Considering that the ASEAN region remains the Philippines’ largest export market, it is a distinct disadvantage for trademark filers in the Philippines.”¹⁷⁰ This, added to the fact that the Philippines imports more finished products than what it exports, does not bode well for the country as it is at the present.¹⁷¹

Some trademark practitioners in the Philippines have expressed some probable disconcerting effects that accession to the Madrid Protocol may bring about.¹⁷² Since the Philippines will be opening itself to international applications filed from other countries, trademark practitioners stand to lose the bulk of their work.¹⁷³ There will be less trademark filings from foreign clients.¹⁷⁴ Trademark filings are a major source of income for most trademark practitioners. Thus, the idea that prospective foreign clients will not need the services of a local trademark practitioner is not welcome.

Also, this is magnified by the fact that savings realized by foreign trademark users in registering their marks in the Philippines work against the Philippines because of minimized inflow of money to the economy. This

168. *Id.* at 22.

169. *Id.* at 23.

170. *Id.* at 22.

171. See National Statistical Coordination Board, Statistics — Foreign Trade of the Philippines, available at http://www.nscb.gov.ph/secstat/d_trade.asp (last accessed Feb. 13, 2010).

172. Interview with Atty. Alonzo Q. Ancheta, President, Asian Patent Attorneys Association, in Mandaluyong City (Apr. 21, 2009); and Atty. Aleli Angela G. Quirino, Chairman of the Board, Asean Intellectual Property Association of the Philippines, in Makati City (May 2009).

173. *Id.*

174. *Id.*

argument suggests that the Madrid Protocol may in fact be more harmful than beneficial to the country.¹⁷⁵ In fact, it is argued that the rich countries benefit more from the Madrid Protocol.¹⁷⁶

Lastly, it is also pointed out that the Madrid Protocol is far from perfect and has met constant opposition and advocacy in order to change some of its provisions.

D. The Experience of Other Countries

Other countries who have already acceded to the Madrid Protocol relate different views and effects that may be worth looking at. There are a few studies that have been done concerning the effects of accession to the Madrid Protocol, but looking at each may shed some light for the Philippines.

a. Turkey

Turkey generally has a generally good experience under the accession to the Madrid Protocol. International applications filed directly with the domestic intellectual property office steadily continued to increase and experienced little change even after accession to the Madrid Protocol.¹⁷⁷ International applications via the Madrid Protocol also steadily increased.¹⁷⁸

First, the Turkish Patent Institute (TPI) receives significant income from the international designations and renewals.¹⁷⁹ Also, the workload of TPI is significantly reduced by the international procedure and although the TPI's participation in international registration increased the number of applications, the TPI is able to use the time saving attributes of the system to deliver an examination report within the time limit.¹⁸⁰

Second, foreign applications filed directly with the TPI decreased. However, “[a]ccording to trademark representatives, these international designations generated an increased level of income creating activity.”¹⁸¹

175. *Id.*

176. *Id.*

177. WORLD INTELLECTUAL PROPERTY ORGANIZATION & TURKISH PATENT INSTITUTE, THE IMPACT OF ACCESSION TO THE MADRID PROTOCOL ON TRADEMARK STATISTICS OF THE REPUBLIC OF TURKEY 11 (2002) [hereinafter TPI].

178. WIPO National Seminar on the Protection of Trademarks and Geographical Indications, Lebanon, Mar. 17 – 19, 2003, *Advantages for Industry in Using the Madrid System*, 3 WIPO/TM/BEY/03/5.B.

179. TPI, *supra* note 177, at 11.

180. *Id.*

181. *Id.*

Applicants from contracting parties to the Madrid Protocol continue to file directly with the TPI, especially with products intended to be used exclusively for the local market.¹⁸² Thus, trademark practitioners continue to advise foreign clients as well as foreign correspondents on the criteria for registration under the national legislation of Turkey.¹⁸³ Trademark practitioners are also asked to do preliminary searches. The participation of trademark practitioners increases when objections are initiated against registrations; when oppositions are being filed by prior rights holders; when oppositions are being filed against international registrations; and when irregularity letters are received from the IB. These activities compensate for the reduction in national filings.¹⁸⁴

Third, “[t]rademark holders are in favor of the simplicity of the international registration system.”¹⁸⁵ The system brings about cost savings in the application and maintenance of trademark registrations.¹⁸⁶ The Madrid Protocol option “is the preferred option when foreign markets are targeted, unless protection is sought only in one foreign territory.”¹⁸⁷ It also “encourages local trademark owners to seek protection of their marks in other protocol countries, by way of international applications, on a larger scale, than they would have done following the national route.”¹⁸⁸

Fourth, the “upswing in foreign designations of Turkey, under the [Madrid] Protocol[,] has resulted in an increased commercial and competitive environment within the borders of Turkey. This is consistent with the government’s policies to attract and encourage foreign direct investment.”¹⁸⁹

Thus, overall, Turkey found the Madrid Protocol to be beneficial.

b. Japan

The number of international applications filed in Japan has been increasing. Even so, “the rate was low compared with other major countries.”¹⁹⁰ Some factors that contributed to this relatively low rate are: 1) concern for the central attack; 2) countries where Japanese users are interested in are not yet

182. *Id.*

183. *Id.*

184. *Id.*

185. TPI, *supra* note 177, at 12.

186. *Id.*

187. *Id.* at 13.

188. *Id.*

189. *Id.* at 14.

190. 3 *Problems Facing Japanese Users in Using the Madrid Protocol System*, IIP BULLETIN (Inst. of Intellectual Prop., Chiyoda-Ku, Tokyo), 2007, at 1, 2 [hereinafter *Problems Facing Japanese Users*].

parties to the Madrid Protocol; 3) notice of protection is sometimes not given even after 12 or 18 months; 4) users lack sufficient knowledge and experience with the procedure; 5) it is unclear whether already owned trademark rights can be replaced with international registration without any problem; 6) the procedure of paying fees is troublesome; and 7) the basis requirement acts as a restraint.¹⁹¹

Although Japan is enjoying an increasing number of applications, some factors are limiting their rate of growth.

c. Vietnam

Vietnam has been a member of the Madrid Union through the Madrid Agreement since 1949.¹⁹² It became a member of the Madrid Protocol on 11 July 2006.¹⁹³ Nevertheless, Vietnam trademark holders have been exhibiting a low rate of use of the Madrid System of international registration of marks. This may be attributed to the following factors: 1) target countries are not yet parties to the Madrid Protocol; 2) demand of worldwide protection of own trademarks among Vietnamese users is low; and 4) users lack sufficient knowledge and experience with the procedure.¹⁹⁴

In 2008, the number of applications with Vietnam as the Office of Origin was 45.¹⁹⁵ In the same year, Vietnam was designated 4,966 times.¹⁹⁶ The great disparity shows that local users were not taking advantage of the system.

Vietnam also recognizes that their National Office of Intellectual Property (NOIP) faces an increasing number of international trademark applications, especially in relation to the time limit of substantive examination.¹⁹⁷ This may require improvement from the NOIP.¹⁹⁸

Vietnam suffers problems similar to Japan and needs further stimulation in order to fully maximize the benefits of the Madrid Protocol.

191. *Id.*

192. Nguyen Thi Ngoc Bich, *International Registration of Trademark Under Madrid Protocol & Madrid Agreement: Vietnam's Approach in Reference to the Japanese Experience 6* (Mar. 2008) (unpublished report, on file with Vietnam Intellectual Property Institute).

193. *Id.*

194. *Id.* at 17.

195. *Id.*

196. *Id.*

197. *Id.*

198. Bich, *supra* note 192, at 23.

E. Should the Philippines Accede to the Madrid Protocol?

The author recommends that the Philippines should accede to the Madrid Protocol at the proper time. Accession to the Madrid Protocol is still recommended. An analysis of the benefits and the disadvantages of the Protocol shows that the Philippines stands to benefit from the Madrid Protocol. The local trademark office will earn more from fees. The local trademark practitioners will be able to work other aspects of trademark practice. More importantly, it is the Philippine consumers who would derive more security from the products that are introduced in the Philippine domestic market. The local small and medium business enterprises will also have another method with which to register their own marks internationally, a method more in line with their resources. Whatever income is lost from traditional trademark practice may be compensated by earnings from practice associated with the Madrid Protocol.¹⁹⁹ Accession to the Madrid Protocol follows the economic and international policy that the Philippines has taken: one that shifts away from economic isolationism and international mendicancy. Indeed, in a world where the “process of economic globalization has enabled intellectual property to cross international boundaries more easily,”²⁰⁰ international systems of intellectual property rights protection are needed to adjust to the international new trends.

Nevertheless, as shown by the experiences of Japan and Vietnam, there may still be some work to do to be able to ensure and maximize these benefits. Both Japan and Vietnam recognize that the local trademark users must be educated and informed of their intellectual property rights and obligations, as well as of the methods of registering their valuable trademarks in order to protect them.²⁰¹

But, it is still recognized that accession to the Madrid Protocol also has certain effects that may and should rightly cause uneasiness. The amalgam of

199. Another option to offset the trademark practitioners' loss of work is offset by providing a more stringent rule regarding representation for trademark owners in the Philippines. By requiring that the trademark owners be represented by legal trademark practitioners, the trademark practitioners will continue to be hired by foreign clients. Of course, since the bulk of the trademark application work will be done in another country, the practitioners should only charge a minimal fee. This is a viable compromise since they also stand to earn more because of the possibility of oppositions they may handle and local trademark searches that they will continue to handle them. This suggestion, however, may violate the national treatment policy.

200. CARSTEN FINK & KEITH E. MASKUS, *Why We Study Intellectual Property Rights and What Have We Learned*, in INTELLECTUAL PROPERTY AND DEVELOPMENT: LESSONS FROM RECENT ECONOMIC RESEARCH 2 (Carsten Fink & Keith E. Maskus, eds., 2005).

201. See Bich, *supra* note 342; *Problems Facing Japanese Users*, *supra* note 150.

disadvantages inherent to the structure of the Madrid Protocol, such as the dependence to the basic application/registration and the vulnerability to the central attack, is the price to be paid for the benefits offered. The other disadvantages — the limited membership especially in the Association of Southeast Asian Nations (ASEAN) region and the seeming plight of trademark practitioners — are also very much worth noting.

However, the limited membership, especially in the ASEAN region, is temporary. The ASEAN chief executives have signed a blueprint which has, as one of the recommendations, accession to the Madrid Protocol by 2015.²⁰² Thus, the relatively early accession of the Philippines will put it in a better position as one of the pioneers in the ASEAN region. Also, granted that the major Philippine export market in the ASEAN region have not acceded, accession by the Philippines may be the much needed push that will motivate other countries to do the same.²⁰³

Nonetheless, further study is required in order to be able to ensure that the Philippine stakeholders is not put in a hapless position. Considering that the accession process may take a while, the trademark practitioners, as well as the IPO, still have adequate time to properly prepare themselves for trademark practice under the Madrid Protocol. It will be the synergy between them that will ultimately maximize the benefits of the Madrid Protocol for trademark users and consumers alike.

Aside from this, further study is also needed to ensure that the economic advantages of the Madrid Protocol will be maximized. Mere adherence to the Madrid Protocol will not be enough to take advantage of this. As a developing country, the Philippines must assume a complete policy package advantageous in the Philippine business environment and which will attract more users of the Madrid Protocol.²⁰⁴

IV. ACCESSION TO THE PROTOCOL

A. Capacity of the Philippines

a. As a State

The Madrid Protocol is a multilateral treaty “adopted in 1989, entered into force on [1 December 1995], and came into operation on [1 April 1996].”²⁰⁵

202. ASEAN Website, ASEAN Economic Community Blueprint, *available at* www.aseansec.org (last accessed Feb. 13, 2010).

203. See Tobias, *supra* note 131.

204. See Maskus, *supra* note 151.

205. World Intellectual Property Organization, General Information: Objectives, Main Features, Advantages of the Madrid System, *available at* <http://www.wipo.int/madrid/en/general/> (last accessed Feb. 13, 2010).

The Philippines is already party to several treaties regarding Intellectual Property Law.²⁰⁶ There is no question that the Philippines is perfectly capable of acceding to the Madrid Protocol, through following the proper process. As a State, the Philippines may surrender some of its sovereignty in exchange for greater benefits derived from international pacts.²⁰⁷ Only the Supreme Court, through its power of judicial review, may decide that the accession to the treaty is void for being unconstitutional.²⁰⁸

b. Intellectual Property Office

The IPO is the agency which handles intellectual properties in the Philippines.²⁰⁹ In all likelihood, the IPO will probably act as the Office of Origin in the Philippines, thereby tasked in certifying the form of the international application; registering the trademark; and forwarding the application to the IB or the WIPO. Being such, the main burden of complying with the requirements of the Madrid Protocol will fall on the IPO. It is thus important that the IPO will be able to perform, even if the additional assignments from the Madrid Protocol arrive.

Assistant Director of the Bureau of Trademarks Atty. Corazon Marcial is confident that the IPO will be able to handle the workload.²¹⁰ At present, the average time for examination is four months, way below the threshold of 18 months.²¹¹

B. Procedure of Accession

a. The Madrid Protocol

The Madrid Protocol provides that “[a]ny State that is a party to the Paris Convention for the Protection of Industrial Property may become party to [the] Protocol.”²¹² Being a party to the Paris Convention, the Philippines is only required to deposit an instrument of accession to the Director General

206. Currently, the Philippines is already party to the Berne Convention, the Paris Convention, the TRIPS Agreement, and the Patent Cooperation Treaty, among others.

207. *Tañada v. Angara*, 272 SCRA 18 (1997).

208. PHIL CONST. art. VIII, § 5.

209. INTELLECTUAL PROPERTY CODE OF THE PHILIPPINES, § 5.

210. Interview with Atty. Corazon Marcial, Assistant Director of the Bureau of Trademarks, in Makati City (May 2009).

211. *Id.* Atty. Marcial also believes that the number of trademark filings will not increase exponentially. The total number of trademark filings will not change; rather, the number of filings will be divided into two: those filed under the local process, and those filed under the Madrid Protocol.

212. Madrid Protocol, *supra* note 48, art. 14 (1) (a).

of the WIPO in order to signify its intention.²¹³ The Madrid Protocol will then “enter into force three months after the date on which its ratification, acceptance, approval[,] or accession has been notified by the Director General.”²¹⁴

b. The Philippines

The Philippines generally follows a three-step process in acceding to treaties or international agreements. First, after negotiation and signing by a proper representative,²¹⁵ the treaty is transmitted to the Department of Foreign Affairs.²¹⁶ The transmittal includes “the highlights of the agreements and the benefits which will accrue to the Philippines.”²¹⁷ The instrument is then forwarded to the President for ratification.²¹⁸ Second, the instrument is submitted to the Senate for concurrence as required by the Constitution.²¹⁹ Third, the instrument is lobbied in congress for the enactment of the implementing law as may be required by the instrument.

C. Pertinent Constitutional Provisions and Economic Nationalism

Accession to a treaty necessarily involves an examination of Constitutional provisions which may be affected by the treaty. Treaties become equivalent to domestic law when ratified, and thus must not contradict the Constitution. Although the provisions of the Madrid Protocol do not directly violate the Constitution, its probable disconcerting negative effects should be discussed in connection with some Constitutional provisions. The main brunt of the argument against accession to the Madrid Protocol is based on the assumption that it may have some negative economic effects.

This issue is not novel in the history of Philippine accession to multilateral treaties affecting the economy. With the basic economic goals of “more equitable distribution of opportunities, income[,] and wealth[;] sustained increase in the amount of goods and services provided by the nation for the benefit of the people; and expanding productivity as the key to raising the quality of life for all especially the underprivileged,”²²⁰ the

213. *Id.* art. 14 (3).

214. *Id.* art. 14 (4).

215. Office of the President, Providing for the Guidelines in the Negotiation of International Agreements and Its Ratification, Executive Order No. 459 (Jan. 22, 1998).

216. *Id.* § 7 (B).

217. *Id.*

218. *Id.*

219. *Id.*; PHIL. CONST. art. VII, § 21.

220. *Tañada*, 272 SCRA at 57-58.

Constitution has laid down the ideals of economic nationalism: 1) preference in favor of qualified Filipinos in the grant of rights, privileges and concessions covering the national economy and patrimony and in the use of “Filipino labor, domestic materials and locally-produced goods;” 2) adopting measures that help make them competitive; and 3) developing a self-reliant and independent national economy effectively controlled by Filipinos.²²¹

The Constitution also takes into account the realities of the outside world as it requires the pursuit of “a trade policy that serves the general welfare and utilizes all forms and arrangements of exchange on the basis of equality ad reciprocity”; and speaks of industries “which are competitive in both domestic and foreign markets” as well as of the protection of “Filipino enterprises against unfair foreign competition and trade practices.”²²²

Although the Constitution indeed expresses bias in favor of Filipinos, it simultaneously recognizes the need for business exchange with the rest of the world on the bases of equality and reciprocity, and limits protection of Filipino enterprises only against foreign competition and trade practices that are unfair.²²³

[T]he Constitution did not intend to pursue an isolationist policy. It did not shut out foreign investments, goods[,] and services in the development of the Philippine economy. While the Constitution does not encourage the unlimited entry of foreign goods, services[,] and investments into the country, it does not prohibit them either. In fact, it allows an exchange on the basis of equality and reciprocity, frowning only on foreign competition that is unfair.²²⁴

The Constitution contemplates neither *economic seclusion* nor *mendicancy in the international community*.²²⁵ In fact, the Constitution “encourages industries that are competitive in both domestic and foreign markets, thereby demonstrating a clear policy against a sheltered domestic trade environment, but one in favor of the gradual development of robust industries that can compete with the best in the foreign markets.”²²⁶

The Supreme Court further recognizes that “[t]rademarks play a significant role in communication, commerce, and trade, and serve valuable and interrelated business functions, both nationally and internationally. For this reason, all agreements concerning industrial property, like those on trademarks and trade names, are intimately connected with economic

221. *Id.* at 57 (citing PHIL. CONST. art. II, § 19 & art. XII, §§ 10 & 12).

222. *Id.* at 58 (citing PHIL. CONST. art. XII, § 13).

223. *Id.* at 58-59 (citing PHIL. CONST. art. XII, § 1).

224. *Id.* at 59.

225. *Id.* at 60.

226. *Tañada*, 272 SCRA at 62-63.

development.”²²⁷ Intellectual property rights affect a considerable proportion of international trade.²²⁸

Thus, any seemingly unequal economic effects between local and foreign trademark owners which may be caused by accession to the Madrid Protocol are consented to by the Constitution. The Madrid Protocol is supposed to promote a mechanism to make international registration of marks convenient not only for large multinational corporations, but also for small and medium business enterprises to invest internationally. The benefits of the Madrid Protocol, especially to the small and medium sized business enterprises, actually comply with the standard of equality and reciprocity with the international community.

Still, the Philippines must not fall into the trap of immediately embracing accession to the Madrid Protocol. Since the accession to the Madrid Protocol may attract more imports, Filipino establishments must be adequately protected from anything that may unfairly cause damage to their business. The influx of international trademarks may adversely affect local entrepreneurs. Naturally, local trademarks must continue to remain protected.²²⁹

Accession to the Madrid Protocol may affect Philippine trade. It must then be the responsibility of the legislature to determine if the Madrid Protocol runs counter to this provision of the Constitution.

D. Effects on Local Trademark Protection

The Madrid Protocol concerns the process of trademark registration. As such, it affects the procedure more, rather than the substance, of trademark law. The standards of trademark law in member countries are neither diminished nor increased.

Certain concerns are raised regarding the effects of accession to the Madrid Protocol to trademark protection in the Philippines. Trademark protection involves two kinds of trademark users: local and foreign. The Madrid Protocol affects both in different ways.

a. Foreign Trademark Owners

Foreign trademark owners will enjoy convenience in registering their trademarks in the Philippines. Through the Madrid Protocol, they will be able to utilize the usual remedies available to registered trademark owners. This is emphasized under the National Treatment clause in the Paris

227. *Mirpuri*, 318 SCRA at 553 (citing *LADAS*, *supra* note 11, at 13).

228. *Id.* at 556 (citation omitted).

229. Interview with Atty. Aleli Angela G. Quirino, *supra* note 172.

Convention²³⁰ and the TRIPS agreement.²³¹ Foreign owners of unregistered trademarks have the ability to protect their trademarks in the Philippines, provided that the trademark is considered well-known by competent authority. This is consistent with the Paris Convention. Arguably, the Madrid Protocol gives no added value to foreign trademark owners seeking to do business in the Philippines, considering the protection that foreign trademark owners already receive under the current Philippine trademark law.²³² At the very least, using the Madrid Protocol will remove the requirement of proving that the mark is well-known.

b. Local Trademark Owners

Local trademark owners will also enjoy the benefits of convenience in registering their trademarks in foreign countries. The concern, however, is more on the apparent vulnerability of the local trademarks to abuse foreign trademark registration. For example, because of the convenience the Madrid Protocol offers, it will be easy for person X in country A to copy a mark from person Y in country B and register the mark in country C. This will then prevent Y from registering his own mark in country B.

The author is quick to point out that this kind of trademark abuse is already present in the current registration process. Currently, nothing prevents X from doing the same. The Madrid Protocol, however, although not directly preventing such practice, actually provides an opportunity for Y to protect the mark in countries where future expansion is feasible, such as country B. Thus, the Madrid Protocol provides an additional, more convenient venue for the protection of marks in foreign jurisdictions.

V. LEGAL IMPLICATIONS AND CONCERNS REGARDING ACCESSION TO THE MADRID PROTOCOL

Accession to the Madrid Protocol will require some legal and technical adjustments from the Philippines in order to adapt properly and efficiently perform its mandatory functions as provided by the Madrid Protocol. As the agency handling the trademark registrations, the IPO will be faced “with the challenge of handling applications from three categories of trademark applicants: regular trademark applications under the IP Code, national applications with requests for territorial extension to other countries, and requests for territorial extension in the Philippines.”²³³

230. Paris Convention, *supra* note 34, art. 2.

231. TRIPS Agreement, *supra* note 33, art. 3.

232. *See Converse Rubber Corporation v. Universal Rubber Products*, 147 SCRA 165 (1987); *Sehwani Inc. v. In-N-Out Burger*, 536 SCRA 225 (2007).

233. Tobias, *supra* note 131, at 34.

There are already several points that have been raised regarding the possible legal changes: 1) the concern regarding the language to be used; 2) the concern regarding right of priority; 3) the concern regarding the color; 4) the concern regarding transliteration, translation, and disclaimers; 5) the concern on goods and services for international registration; 6) declaration of intent to use; 7) the concern regarding international registration; 8) the concern on refusal of protection; and 9) transformation of national registration to international registration.

A. The Concern Regarding the Language To Be Used

The Madrid Protocol allows the use of English, French, or Spanish in its application forms.²³⁴ The IPO allows either English or Filipino.²³⁵ In getting a compromise, the IPO may use a translator to facilitate translation of Filipino international applications to English, or simply require that all international applications be in English.²³⁶ “Otherwise, it may not be possible to prohibit the filing of Madrid Protocol applications in Filipino, or deny these applications outright on the basis of language of filing alone.”²³⁷

B. The Concern Regarding Right of Priority

The IP Code provides that such applications shall be considered filed as of the day the application was first filed in the foreign country, provided that no registration shall be granted until such mark has been registered in the country of origin by the applicant.²³⁸ Also, it is required by the Implementing Rules and Regulations that “applicants claiming right of priority to file their applications within six months from the date the earliest foreign application was filed, and to furnish the [IPO] with a certified copy in English of either the foreign application or the foreign registration that establishes the date of filing.”²³⁹

However,

[u]nder the [Madrid] Protocol, no copy of the earlier filing is needed, but merely “a declaration claiming the priority of that earlier filing, together with an indication of the name of the Office where such filing was made and of the date and, where available, the number of that filing, and, where the earlier filing relates to less than all the goods and services listed in the

234. Common Regulations, *supra* note 106, rule 6 (1).

235. INTELLECTUAL PROPERTY CODE OF THE PHILIPPINES, § 124.

236. Tobias, *supra* note 131, at 37.

237. *Id.* at 37.

238. INTELLECTUAL PROPERTY CODE OF THE PHILIPPINES, § 131.2.

239. Intellectual Property Office, Rules and Regulations on Trademarks, Service Marks, Trade Names, and Marked or Stamped Containers, Office Order No. 17, rule 203 (Dec. 1, 1998) [hereinafter Rules and Regulations].

international application, the indication of those goods and services to which the earlier filing relates.”²⁴⁰

Thus, there would be a need to provide for a clear rule regarding the use of the right of priority.

C. The Concern Regarding the Color

The IP Code states that applicants must provide:

- (e) a statement claiming color as a distinctive feature of the mark;
- (f) the names of the colors claimed;
- (g) a substantially exact representation of the mark as actually used or intended to be used.²⁴¹

Where color is a material feature of the mark as used or intended to be used, the color or colors employed may be actually reproduced in the drawings and facsimiles. Otherwise, a statement must be made giving the name or names of the color or colors claimed indicating the principal part or parts of the mark which are in such color or colors.²⁴²

Additionally, “a mark cannot be registered if it consists of color alone, unless given a defined form.”²⁴³

Regarding the color, the Common Regulations have three requirements:

- (h) one drawing of the mark, in color, if the mark is presented in color in the national application or registration that serves as the basis for the Madrid Application;
- (i) two drawings of the mark, one in black and white and one in color, if the mark is presented in black and white in the basic application or registration but contains a color claim; and
- (j) a statement that color is being claimed, with an indication in words of the color or colors that are claimed and, in respect of each color, the principal parts of the mark to which each color relates.²⁴⁴

240. Tobias, *supra* note 131, at 30 (citing Common Regulations, *supra* note 106, rule 9 (4) (a) (iv)).

241. INTELLECTUAL PROPERTY CODE OF THE PHILIPPINES, § 124.1.

242. Tobias, *supra* note 131, at 41 (citing Rules and Regulations, *supra* note 239, rule 411).

243. INTELLECTUAL PROPERTY CODE OF THE PHILIPPINES, § 123 (1).

244. Common Regulations, *supra* note 106, rule 9 (4) (a) (vii).

Thus, “[t]o conform to the provisions of the Common Regulations, Protocol applicants filing with the [IPO] who wish to claim color should not simply rely on a statement giving the names of the colors claimed, but should also provide a color reproduction of the mark.”²⁴⁵

D. The Concern Regarding Transliteration, Translation, and Non-Traditional Marks

Regarding transliteration,

Both the Common Regulations and the IP Code require applicants to provide a transliteration of the mark. While the implementing rules of the IP Code merely require it if the mark or some parts of the mark are “foreign words, letters, and characters, or foreign sounding,” the Common Regulations more specifically provides that it is necessary “where the mark consists of or contains matter in characters other than Latin characters or numbers expressed in numerals other than Arabic or Roman numerals.” Furthermore, the transliteration into Latin characters should follow the phonetics of the language of the international application.²⁴⁶

Regarding translation,

[t]he Common Regulations provide that a translation may be provided where the mark consists of or contains a word or words that can be translated. Where the application is governed exclusively by the Protocol, the translation may be into English, French[,] and/or Spanish, irrespective of the language of the international application. The IB shall not translate the mark, nor check the correctness of any such translations. The IP Philippines also requests for a translation or transliteration when the mark is in a different language.²⁴⁷

Regarding non-traditional marks, the IP Code presently allows the registration of three-dimensional marks and collective marks.²⁴⁸ The IP Code, however, “does not allow the registration of sound marks and is silent in reference to certification or guarantee marks.”²⁴⁹ These kinds of marks are specifically allowed under the Common Regulations.²⁵⁰ Nevertheless, “the Madrid Protocol does not require the Philippines to accept sound marks for registration and the IP [Office] may simply refuse to register any applications containing designations not covered by domestic law.”²⁵¹

245. Tobias, *supra* note 131, at 41.

246. *Id.* at 42 (citing Common Regulations, *supra* note 106; INTELLECTUAL PROPERTY CODE OF THE PHILIPPINES, § 124).

247. *Id.* at 42 (citing INTELLECTUAL PROPERTY CODE OF THE PHILIPPINES, § 124).

248. INTELLECTUAL PROPERTY CODE OF THE PHILIPPINES, § 144.

249. Tobias, *supra* note 131, at 42.

250. Common Regulations, *supra* note 106, rule 9 (4) (a) (x).

251. Tobias, *supra* note 131, at 42.

E. The Concern on Goods and Services for International Registration

The applicant is required to indicate the names of the goods and services for which the international registration of the mark is sought and to group them appropriately under classes of the International Classification of Goods and Services.²⁵² The international application may contain limitations of the list of goods and services in respect of one or more designated contracting parties; and the limitation in respect of each contracting party may be different.²⁵³

The IP Code also requires applicants to indicate the names of the goods or services for which the registration is sought, and to group them according to the classes of the Nice Classification.²⁵⁴ While the Philippines is not a member of the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks, it uses the Nice Classification system.²⁵⁵

F. Declaration of Intent to Use

The IP Code requires applicants to file a declaration of actual use of the mark with evidence showing actual use within three years from the filing of the application.²⁵⁶ The international applications designating the Philippines must then include this requirement.²⁵⁷

G. The Concern Regarding International Registration

“The international registration shall bear the date on which the international application was received in the Office of origin, provided that the international application has been received by the IB within a period of two months from that date.”²⁵⁸ If the international application has not been received within said two-month period, the international registration shall bear the date on which the said international application was received by the IB, unless such late receipt was due to a postal irregularity.²⁵⁹

252. Common Regulations, *supra* note 106, rule 9.

253. *Id.*

254. INTELLECTUAL PROPERTY CODE OF THE PHILIPPINES, § 144.

255. *Id.* § 124 (k); Rules and Regulations, *supra* note 344, rule 416; Intellectual Property Office, Adaptation of the 8th Edition of the Nice Classification, Office Order No. 104 (2003).

256. INTELLECTUAL PROPERTY CODE OF THE PHILIPPINES, § 124.

257. The Common Regulations require that countries which have this requirement must inform the Director General of the International Bureau. *See* Common Regulations, *supra* note 106, rule 7 (2).

258. Madrid Protocol, *supra* note 48, art. 3 (4).

259. Tobias, *supra* note 131 (citing Madrid Protocol, *supra* note 48, art. 3 (4)).

The Philippines must include a provision establishing the date of the application which conforms with clarity to the provisions of the Madrid Protocol.

H. The Concern on Refusal of Protection

“Each designated [c]ontracting [p]arty has the right to refuse the protection of the international registration in its territory.”²⁶⁰ Thus, trademark users must seriously consider which marks will be subject of an application for protection under the Madrid Protocol, the requirements imposed by both of the Country of Origin and of the Designated Countries.

In the Philippines, the IP Code provides for the instances when a mark cannot be registered.²⁶¹ A successful opposition, failure to file a declaration of actual use or to actually use the mark in the Philippines are also grounds for cancellation.²⁶²

A registration may also be cancelled at anytime if the registered mark (a) becomes the generic name for the goods or services, or a portion thereof, for which it is registered; (b) has been abandoned; (c) was registered fraudulently or contrary to the provisions of the IP Code; (d) is 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.²⁶³

I. Transforming National Registration to International Registration

“[W]here a national registration already exists in a country to which Madrid Registration extends, the Madrid Registration can replace the national registration.”²⁶⁴ The Office of Origin and the designated countries will then have to replace the national registration with the international registration. This requires an amendment of the IP Code.²⁶⁵

VI. CONCLUSION

This Note started by introducing trademarks, the method of registration in the Philippines, and the present method used by local trademark users in registering their trademarks in countries outside the Philippines. An alternative is being proposed: a new mechanism embodied in the Madrid Protocol where a single application may have the effect of application in

260. *Id.* (citing Madrid Protocol, *supra* note 48, art. 5 (1)).

261. INTELLECTUAL PROPERTY CODE OF THE PHILIPPINES, § 123.

262. *Id.* §§ 131, 123, & 151.

263. Tobias, *supra* note 131 (citing INTELLECTUAL PROPERTY CODE, § 151 (B)).

264. *Id.* (citing Madrid Protocol, *supra* note 48, art. 4*bis*; Common Regulations, *supra* note 106, rule 21).

265. *Id.*

several countries which are parties to the Protocol. This new alternative offers several benefits which come, of course, with some disadvantages.

In order to present a practical and legal analysis, this Note discussed the legal implications of accession to the Madrid Protocol, and also provided for practical concerns. By doing so, a comprehensive view was offered regarding accession to the Madrid Protocol. The author proposes that accession to the Madrid Protocol should be met with hesitation, to be able to harness full awareness of its possible effects. The Philippines should not rush briskly toward accession. Rather, accession should also be met dynamically to be able to maximize its benefits; otherwise, the Philippines might risk counter-productivity.²⁶⁶

To be able to compete and perform globally, the Philippines may want to create intellectual property rights structures which, like the Madrid Protocol, will facilitate intellectual property rights relationships internationally.

Accession to the Madrid Protocol is not barred by Philippine law. The Constitution actually advises economic nationalism, a concept that encourages competitiveness of Filipino products in foreign markets and discourages isolation from global competition. Trademarks, being an important factor in the economy, should have a mechanism offers easy opportunity for protection. Foreign trademark registration process should not suffer from complexity and costs which deny local trademark users the prospect of expanding to foreign markets.

The Madrid Protocol relates to the procedure of international trademark registration in member countries. It does not affect the substantial trademark law in countries where it is enforced. Thus, any rights, requirements, or remedies given to current trademark holders are respected. Consistent with international treaties, foreign trademark holders who register in member countries are protected as if locally registered. The Madrid Protocol does not expose local trademarks to any additional vulnerability. In fact, it provides trademark holders the ability to protect themselves more easily in foreign countries.

One of the many goals of the Madrid Protocol is to encourage small and medium enterprise to expand and “seek broader protection of their trademarks abroad, thereby facilitating and fostering the marketing of their branded products in foreign countries.”²⁶⁷ Multinational companies do not need the Madrid Protocol because they already have the resources to facilitate international trademark registration.

266. See Allan Zelnick, *The Madrid Protocol – Some Reflections*, 82 TRADEMARK REP. 651 (1992).

267. *Advantages of the Madrid System*, *supra* note 44.

Nevertheless, the power to accede lies within the legislature and it will be up to the legislature to determine if accession will be a boon and not a burden to the Philippines.

The author proposes certain amendments to the IP Code which would address the possible negative effects of accession to the Madrid Protocol. The author also proposes provisions which would ultimately enable adherence of local trademark law to the requirements of Madrid Protocol. The proposed provisions will enable two things: first, adherence; and second, adjustment. The adjustments should complement whatever changes accession might bring.²⁶⁸ It should be remembered that accession to the Madrid Protocol will not, by itself, lead to economic development. Economic development involves a variety of factors. Trademarks are only a part. Thus, together with accession, the author proposes that the legislature also look into other possible avenues of economic development which will enable small and medium enterprises to expand their businesses and to open themselves to trademark protection. This may include the giving of incentives to help propagate small and medium enterprises, as well educating them about the benefits of trademark protection. By providing for such, the experience of Vietnam may be avoided.

Admittedly, the author's adjustment proposals may not be adequate because of scant data regarding the effects of accession to the Madrid Protocol. Nevertheless, the proposed adjustments may, at the very least, be able to react to what information is available.

Accession to the Madrid Protocol will require openness, synergism, and cooperation between trademark practitioners and trademark offices. Without such, it is the trademark holders, consumers, and maybe even the country itself who will suffer.

“The future international environment will remain complex, fuelled by unpredictable interaction of global forces: geopolitical, economic, social and technological. A robust future for intellectual property lies in continuous discourse, consultations[,] and judicious negotiations to arrive at balanced solutions for all stakeholders.”²⁶⁹

268. An additional policy recommendation suggested is that a portion of the fees earned by the IPO because of the Madrid Protocol should be exclusively used in the education of Filipino trademark users. This may respond to the problem experienced by Japan and Vietnam that local trademark users do not use the Madrid Protocol enough. (Interview with Atty. Aleli Angela G. Quirino, *supra* note 172).

269. Intellectual Property Office of Singapore, *Confronting Challenges at the IP Frontier* (2007/2008 Annual Report), available at http://www.ipos.gov.sg/NR/rdonlyres/D2C3002F-C804-45C4-A3F3-BDBB33083BE7/5742/IPOS_ARwebptD.pdf (last accessed Feb. 10, 2010).

To be able to fully maximize the benefits of the Madrid Protocol, care should be taken that the Philippines does not make accession the goal; rather, it must be treated as only one of the means to an end. Developments in IP protection is a step — one of many steps that the Philippines should undertake in order to promote a healthy economic environment.
