

# Deconstructing Trademark Infringement: Context, Considerations, and Challenges

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## I. INTRODUCTION

The protection and enforcement of intellectual property rights (IPR) is irrefutably vital, not only in incentivizing creativity and innovation, but also in establishing a free and fair market environment. Thus, while one has to be vigilant in ensuring the enforcement of IPR, one must be equally cautious to guarantee that the same is not being abused in order to stifle free and fair competition. Said abuse can result in anti-competitive practices, and even have a chilling effect on creativity and innovation — the very objective that the intellectual property system seeks to promote and protect.

In the Philippines, “[i]nfringement under the Intellectual Property [(IP)] Code is *malum prohibitum*.”<sup>1</sup> When an act is declared *malum prohibitum*,

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malice or criminal intent is completely immaterial.<sup>2</sup> Hence, as a rule, a person who is accused of an act constituting infringement cannot invoke good faith.<sup>3</sup>

Interestingly, however, there are many modalities by which infringement can be committed, depending on the kind of IPR involved. This is because, for every kind of IPR, there is a corresponding set of exclusive rights belonging to the right holder. The nature of the case also affects the determination of whether or not an infringement exists, because there is an appropriate quantum of evidence required to establish the liability of the person depending if the case is administrative, civil, or criminal. With this in mind, it is important to have an understanding of the context, considerations, and challenges in the protection and enforcement of IPR.

The context of IP protection and enforcement should not be limited to the Intellectual Property Code of the Philippines (IP Code). Perforce, it is incumbent for one to take into account the nature of IP in itself, the various aspects of the IP, the international obligations under existing treaties or international agreements, the kind of infringement involved, the nature of the product where the IP is attached, and the effects of the specific kind of violation involved. How these factors interplay affect the determination of an act constituting infringement. In this Article, however, the Author would like to give his insights and analysis only on trademark infringement.

## II. UNDERSTANDING THE NATURE OF INTELLECTUAL PROPERTY

IP is, technically, a strictly legal concept, and the set of rights appurtenant thereto are purely statutory.<sup>4</sup> “Being a statutory grant, [IPR] are only such as the statute confers, and may be obtained and enjoyed only with respect to the subjects and by the persons, and on terms and conditions specified in the statute.”<sup>5</sup>

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1. *ABS-CBN Corporation v. Gozon*, 753 SCRA 1, 63 (2015).
  2. *Id.* (citing *Go v. Fifth Division, Sandiganbayan*, 532 SCRA 130, 136 (2007)).
  3. *ABS-CBN Corporation*, 753 SCRA at 66.
  4. See Richard G. Smith, *Statutory Protection of Intellectual Property Rights*, 9 CLEV. MARSHALL L. REV. 11, 11 (1960).
  5. *Joaquin, Jr. v. Drilon*, 302 SCRA 225, 238 (1999) (citing 18 C.J.S. *Copyright and Literary Property* § 161 (1939)).

Intellectual creation is also a mode of acquiring ownership.<sup>6</sup> Thus, the Civil Code of the Philippines provides that “[o]wnership is acquired by occupation and by intellectual creation.”<sup>7</sup> As a mode of acquiring ownership, it logically follows that the intellectual creation is in the nature of a property which should be also governed by the rules on ownership. IP can then be “transmitted by law, by donation, by estate and intestate succession, and in consequence of certain contracts, by tradition[,]” and it can also be acquired by means of prescription.<sup>8</sup>

Given this context, IP should be viewed both as property and as a right at the same time.

As property, it can be owned, and the owner has the right to enjoy and dispose of the same without other limitations than those established by law. If taken without the consent of the owner, it may be considered as theft in its general sense.<sup>9</sup> In one case, the Supreme Court stated that “infringement of [IPR] is no less vicious and condemnable as theft of material property, whether personal or real.”<sup>10</sup>

As a right, the IP owner, depending on the kind of IP one owns, has a bundle of rights that he or she can assert and enforce in accordance with law. Thus, a cause of action arises whenever there is a violation of any of the rights of the IP owner.<sup>11</sup> It must be noted, however, that “the incorporeal right [ ] is distinct from the property in the material object subject to it. Ownership in one does not necessarily vest ownership in the other.”<sup>12</sup> In one case, it was held that “the transfer or assignment of the [IP] will not necessarily constitute a conveyance of the thing it covers, nor would a conveyance of the latter imply the transfer or assignment of the intellectual

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6. An Act to Ordain and Institute the Civil Code of the Philippines [CIVIL CODE], Republic Act No. 386, art. 712 (1950).

7. *Id.*

8. *Id.* art. 712.

9. See An Act Revising the Penal Code and Other Penal Laws [REVISED PENAL CODE], Act. No. 3815, art. 308. Theft, under the Revised Penal Code, is “committed by any person who, with intent to gain but without violence against or intimidation of persons nor force upon things, shall take personal property of another without the latter’s consent.” *Id.*

10. *Amigo Manufacturing Inc. v. Cluett Peabody Co., Inc.*, 354 SCRA 434, 448 (2001).

11. A cause of action is defined as an “act or omission by which a party violates a right of another.” 1997 RULES OF CIVIL PROCEDURE, rule 2, § 2.

12. *Distilleria Washington, Inc. v. Court of Appeals*, 263 SCRA 303, 311 (1996).

right.”<sup>13</sup> In addition, it must be emphasized that IP is a private right.<sup>14</sup> As such, it is incumbent upon the IP owner to enforce his or her rights.

When the World Trade Organization (WTO) was established, it provided a forum for countries to negotiate trade agreements and settle trade disputes.<sup>15</sup> Annexed to the treaty establishing the WTO is the Trade-Related Aspects on Intellectual Property Rights (TRIPS) Agreement, which is the most comprehensive international treaty on IPR, as it brings IP rules into the framework of the WTO and obliges all Member States to meet minimum standards of IP protection and enforcement.<sup>16</sup>

The TRIPS Agreement was signed by the Contracting Parties to provide a minimum standard for the protection and enforcement of IPR.<sup>17</sup> To set forth a higher level of protection and enforcement of IPR, some countries resorted to bilateral and multilateral agreements.<sup>18</sup> According to Jayashree Watal, a prominent IP lawyer, “[t]he TRIPS [A]greement is considered the most wide-ranging and far-reaching international treaty on IP and marks the most important milestone in the development of international law in this area.”<sup>19</sup>

Under the TRIPS Agreement, Member States are required to come up with an adequate and effective enforcement mechanism regarding IPR.<sup>20</sup> Certain enforcement actions and remedies must be made available to the rights holders. These include civil and administrative procedures and

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13. *Id.*

14. Agreement on Trade-Related Aspects of Intellectual Property Rights pmb., para. 4, *opened for signature* April 15, 1994, 1869 U.N.T.S. 299 [hereinafter TRIPS Agreement].

15. Marrakesh Agreement Establishing the World Trade Organization art. 3, entered into force Jan. 1, 1995, 1867 U.N.T.S. 154.

16. CARLOS CORREA, TRADE RELATED ASPECTS OF INTELLECTUAL PROPERTY RIGHTS: A COMMENTARY ON THE TRIPS AGREEMENT (2007).

17. *See* World Trade Organization, Overview: the TRIPS Agreement, *available at* [https://www.wto.org/english/tratop\\_e/trips\\_e/intel2\\_e.htm](https://www.wto.org/english/tratop_e/trips_e/intel2_e.htm) (last accessed May 4, 2018).

18. *Id.*

19. JAYASHREE WATAL, INTELLECTUAL PROPERTY RIGHTS IN THE WTO AND DEVELOPING COUNTRIES 2 (1998).

20. *See* TRIPS Agreement, *supra* note 14, art. 1, ¶1.

remedies,<sup>21</sup> provisional measures,<sup>22</sup> special requirements related to border measures,<sup>23</sup> and criminal procedures.<sup>24</sup>

Member States, however, have the liberty to implement more extensive protection, as long as these are compliant with the TRIPS Agreement.<sup>25</sup> They can establish their own legal systems and rules of procedure, provided that these will observe the fundamental requirements of due process and non-discriminatory treatment, such as national treatment and most-favored-nation (MFN) treatment.<sup>26</sup> National treatment requires each Member State to accord to the nationals of other Member States the same course of actions and remedies in the enforcement of IPR.<sup>27</sup> The MFN treatment requires that “any advantage, [favor], privilege[,] or immunity granted by a [Member State] to the nationals of any other [Member State]” shall be given also to the nationals of other Members without conditions.<sup>28</sup>

With this international backdrop, and given the flexibility available under the TRIPS Agreement, the adoption of laws, rules, and regulations for the protection and enforcement of IP becomes a policy space for Member States. The IP system, then, is a policy tool. How IP is recognized, protected, and enforced can define the investment climate and competitiveness of a country.

### III. TRADEMARK INFRINGEMENT: CONSIDERATIONS AND CHALLENGES

Given the evolution of various products, fast-paced international trade, and the interface of economies in the 21st century, a critical analysis on the kind and nature of infringement involving trademark is worth considering. The advent of new technology and the various modalities by which infringement is committed requires the need to contextualize IP enforcement, not only because there are various aspects of IP, but also because, as previously stated, the IP system is also a policy tool.

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21. *Id.* arts. 42-49.

22. *Id.* art. 50.

23. *Id.* arts. 51-60.

24. *Id.* art. 61.

25. See TRIPS Agreement, *supra* note 14, art. 1, ¶ 1.

26. *Id.* arts. 3 & 4.

27. *Id.* art. 3.

28. TRIPS Agreement, *supra* note 14, art. 4.

Trademark is one kind of IPR primarily used in business and trade of goods.<sup>29</sup> Under the IP Code, “mark” is defined as “any visible sign capable of distinguishing the goods (trademark) or services (service mark) of an enterprise and shall include a stamped or marked container of goods.”<sup>30</sup>

Case law defines the function of a trademark as that

to point out distinctly the origin or ownership of the goods to which it is affixed; to secure to him [or her], who has been instrumental in bringing into the market a superior article of merchandise, the fruit of his [or her] 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 [or her] product.<sup>31</sup>

Furthermore, jurisprudence explains the law on trademarks and tradenames, to wit —

The law on trademarks and tradenames is based on the principle of business integrity and common justice. This law, both in letter and spirit, is laid upon the premise that, while it encourages fair trade in every way and aims to foster, and not to hamper, competition, no one, especially a trader, is justified in damaging or jeopardizing another’s business by fraud, deceit, trickery[,] or unfair methods of any sort. This necessarily precludes the trading by one dealer upon the good name and reputation built up by another.<sup>32</sup>

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29. *See* An Act Prescribing the Intellectual Property Code and Establishing the Intellectual Property Office, Providing for its Powers and Functions, and for Other Purposes [INTELL. PROP. CODE], Republic Act No. 8293, § 4 (1997) & *See generally* International Trademark Association, Trademark Basics: A Guide for Businesses (Handbook by the International Trademark Association) at 1, available at [http://www.inta.org/Media/Documents/2012\\_TMBasicsBusiness.pdf](http://www.inta.org/Media/Documents/2012_TMBasicsBusiness.pdf) (last accessed May 4, 2018).
30. An Act Prescribing the Intellectual Property Code and Establishing the Intellectual Property Office, Providing for its Powers and Functions, and for Other Purposes [INTELL. PROP. CODE], Republic Act No. 8293, § 121.1 (1997).
31. *Mirpuri v. Court of Appeals*, 318 SCRA 516, 532 (1999) (citing *Gabriel v. Perez*, 55 SCRA 406, 417 (1974); *Etepha v. Director of Patents, et al.*, 16 SCRA 495, 497 (1966); *Phil. Refining Co., Inc. v. Ng Sam*, 115 SCRA 472, 476-477 (1982); & RUBEN E. AGPALO, TRADEMARK LAW AND PRACTICE IN THE PHILIPPINES 5 (1990)).
32. *La Chemise Lascoste, S.A. v. Fernandez*, 129 SCRA 373, 398 (1984) (citing *Baltimore v. Moses*, 34 A.2d 338 (1943) (U.S.)).

As aptly stated by the Supreme Court of Canada,

[t]rademarks, thus, operate as a kind of shortcut to get consumers to where they want to go, and, in that way, perform a key function in a market economy. Trademark law rests on principles of fair dealing, and it is sometimes said to hold the balance between free competition and fair competition.<sup>33</sup>

Infringing one's trademark, therefore, is anathema to a civilized society promoting free and fair competition. It destroys the essence of trademark and blemishes the relationship established by the product and the manufacturer with the consuming public.<sup>34</sup>

The use of trademark, or any other mark or symbol, in relation to commerce or sale of goods or services, and the need to maintain a trustworthy market place, are all intended to protect the consuming public. Ensuring the integrity of a trademark is not only about preventing misrepresentation and protecting the proprietary rights of the IP owners. It also has a precautionary aspect — to prevent the possible harm and damage that the unwarranted use of infringing goods may cause, should the same not be curtailed. It ensures that what a registered trademark represents to the public is what the latter gets.

In this regard, it can be said that the enforcement of trademark is not just about the enforcement of a private right, but also of the common good or the general welfare of the consuming public through a trustworthy market environment.

Another dimension to consider is the fact that when the State allows the use of a mark or symbol in trade or commerce, the right holder forges a commitment that one will use the same in the normal course of business; otherwise, one will lose the protection over the mark. The right holder, then, should not allow any unwarranted use of the registered mark, as it will disrupt the product representation, the market perception, and the normal flow of goods in the market, all of which the consuming public expects on the subject goods represented by a registered trademark.

In the realm of trade and commerce, the consuming public is in a disadvantageous — or even helpless — position in ascertaining that the

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33. LOUIS HARMS, *THE ENFORCEMENT OF INTELLECTUAL PROPERTY RIGHTS: A CASE BOOK* 47 (3d ed. 2012) (citing *Mattel, Inc. v. 3894207 Canada Inc.*, 2006 SCC 22 (2006) (Can.)).

34. See generally Rudolf Callmann, *Trade-Mark Infringement and Unfair Competition*, 14 *LAW & CONTEMP. PROBS.* 185 (1949).

products they buy and consume are the genuine products represented to them by the manufacturer.<sup>35</sup> They are unwary and vulnerable. They are not expected to know or ascertain the genuineness of the product. Neither are they expected to be familiar with the usual channels of trade for the said products. When the products are sold and allowed space in the marketplace, it should be assumed that these products are sold and distributed as represented by the mark or symbol they bear.<sup>36</sup> Hence, to address this situation, one of the legal measures adopted by countries is to prohibit infringement of trademark and provide appropriate remedies therefor.

It is to be noted that Section 147.1 of the IP Code provides that

the owner of a registered mark shall 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.<sup>37</sup>

Trademark infringement is committed by any person who shall, without the consent of the owner of the registered mark

- (1) [u]se in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark or the same container or a dominant feature thereof in connection with the sale, offering for sale, distribution, [and] advertising of any goods or services, including other preparatory steps necessary to carry out the sale of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; or
- (2) [r]eproduce, counterfeit, copy[,] or colorably imitate a registered mark or a dominant feature thereof and apply such reproduction, counterfeit, copy[,] or colorable imitation to labels, signs, prints, packages, wrappers, receptacles[,] or advertisements intended to be used in commerce upon or in connection with the sale, offering for sale, distribution, or advertising of goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive, shall be liable in a civil action for infringement by the registrant.<sup>38</sup>

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35. See generally UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT, THE EFFECTS OF ANTI-COMPETITIVE BUSINESS PRACTICES ON DEVELOPING COUNTRIES AND THEIR DEVELOPMENT PROSPECTS (2008).

36. *Id.*

37. INTELL. PROP. CODE, § 147.1.

38. *Id.* § 155.1 & 155.2.



In gist, the elements of the offense of trademark infringement under the IP Code are the following:

- (1) The trademark being infringed is registered in the Intellectual Property Office [of the Philippines (IPOPIL)];
- (2) The trademark is reproduced, counterfeited, copied, or colorably imitated by the infringer;
- (3) The infringing mark is used in connection with the sale, offering for sale, or advertising of any goods, business, or services; or the infringing mark is applied to labels, signs, prints, packages, wrappers, receptacles, or advertisements intended to be used upon or in connection with such goods, business, or services;
- (4) The use or application of the infringing mark is likely to cause confusion or mistake or to deceive purchasers or others as to the goods or services themselves or as to the source or origin of such goods or services or the identity of such business; and
- (5) The use or application of the infringing mark is without the consent of the trademark owner or the assignee thereof.<sup>39</sup>

Corollary thereto, the commission of the aforesaid acts may also result in a criminal case of infringement independent of the civil and administrative sanctions imposed by law. Thus, “a criminal penalty of imprisonment from two [ ] years to five [ ] years and a fine ranging from ... [₱50,000] to ... [₱200,000], shall be imposed on any person who is found guilty of committing any of the acts mentioned[.]”<sup>40</sup>

Given this, the modes by which criminal, civil, and administrative cases of trademark infringement are committed are the same. The apparent difference is only the quantum of evidence required to establish the culpability of the accused or defendant, which are: proof beyond reasonable doubt in a criminal case; preponderance of evidence in a civil case; and substantial evidence in an administrative case.

Technically, however, there are two acts or modes of committing trademark infringement. The first pertains to the

[u]se in commerce of any reproduction, counterfeit, copy, or colorable imitation of a registered mark, the same container, or a dominant feature [of a registered mark] in connection with the sale, offering for sale, distribution, advertising of any goods or services including other

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39. *Diaz v. People*, 691 SCRA 139, 152 (2013) (citing *Societe Des Produits Nestlé, S.A. v. Dy, Jr.*, 627 SCRA 223, 233-34 (2010)).

40. INTELL. PROP. CODE, § 170.

preparatory steps necessary to carry out the sale of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive[.]<sup>41</sup>

The second is the actual reproduction, counterfeiting, copying, or colorable imitation of the registered mark or a dominant feature thereof, and that the reproduction, counterfeit, copy, or colorable imitation is applied to

labels, signs, prints, packages, wrappers, receptacles[,] or advertisements intended to be used in commerce upon or in connection with the sale, offering for sale, distribution, or advertising of goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive[.]<sup>42</sup>

On the reproduction or copying of a registered mark, the ordinary meaning suggests that the infringing mark is an exact imitation or replication of the registered mark. On counterfeiting, the TRIPS Agreement defined counterfeit goods as

any goods, including packaging, bearing without authorization a trademark which is identical to the trademark validly registered in respect of such goods, or which cannot be distinguished in its essential aspects from such a trademark, and which thereby infringes the rights of the owner of the trademark in question under the law of the country of importation.<sup>43</sup>

For all intents and purposes, it is easy to determine if the mark is a reproduction, counterfeit, or copy of a registered mark because the difference, if there is any, is almost nil. The critical elements one should establish are the fact that the usage thereof is not authorized and that the same was used in commerce, particularly, in connection with the sale, offering for sale, distribution, and advertising of any goods or services, including other preparatory steps necessary to carry out the sale of any goods or services. In fact, in case of the use of an identical sign for identical goods or services, a likelihood of confusion is already presumed.<sup>44</sup>

Another act of infringement is the use in commerce without the consent of the owner of the registered mark of the same container of the goods. In

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41. *Id.* § 155.1.

42. *Id.* § 155.2.

43. TRIPS Agreement, *supra* note 14, n. 14 (a).

44. INTELL. PROP. CODE, § 147. *See also* RULES OF PROCEDURE FOR INTELLECTUAL PROPERTY RIGHTS CASES, A.M. No. 10-3-10-SC, rule 18, § 3 (Oct. 18, 2011).

*Republic Gas Corporation v. Petron Corporation*,<sup>45</sup> the Supreme Court ruled that “the mere unauthorized use of a container bearing a registered trademark in connection with the sale, distribution[,] or advertising of goods or services which is likely to cause confusion, mistake[,] or deception among the buyers or consumers can be considered as trademark infringement.”<sup>46</sup> In this case, petitioners refilled, without the respondents’ consent, the liquid petroleum gas (LPG) containers bearing the registered marks of the respondents.<sup>47</sup> The Court went on to say that this act will

confuse the consuming public, since they have no way of knowing that the gas contained in the LPG tanks bearing respondents’ marks is[,] in reality[,] not the latter’s LPG product after the same had been illegally refilled. The public will then be led to believe that petitioners are authorized refillers and distributors of respondents’ LPG products, considering that they are accepting empty containers of respondents and refilling them for resale.<sup>48</sup>

In sum, for trademark infringement involving a mark that is a reproduction, counterfeit, or copy of a registered mark and the use of the same container of goods, establishing the culpability or liability of the accused or defendant, regardless of the nature of the case, will not pose a serious challenge as the critical element is the unauthorized use of the registered mark.

#### *A. Colorable Imitation and Likelihood of Confusion: Challenges of Perspective*

The determination of infringement becomes complicated and challenging if the mark used in commerce is a colorable imitation or a dominant feature of a registered mark. This is because defining colorable imitation and identifying the dominant feature of the mark in itself is difficult, not to mention subjective. The subjectivity is further amplified by the fact that, in addition to determining colorable imitation on the subject marks, one has to establish likelihood of confusion.<sup>49</sup> As to the question on confusion of marks, jurisprudence has noted two types of confusion: product confusion and source or origin confusion. The first type pertains to the “confusion of goods (product confusion), where the ordinarily prudent purchaser would be

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45. *Republic Gas Corporation v. Petron Corporation*, 698 SCRA 666 (2013).

46. *Id.* at 679 (citing *Ty v. de Jemil*, 638 SCRA 671, 689 (2010)).

47. *Republic Gas Corporation*, 698 SCRA at 673.

48. *Id.* at 679.

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

induced to purchase one product in the belief that he [or she] was purchasing the other[.]”<sup>50</sup> The second type refers to the

confusion of business (source or origin confusion), where, although the goods of the parties are different, the product, the mark of which registration is applied for by one party, is such as might reasonably be assumed to originate with the registrant of an earlier product, and the public would then be deceived either into that belief or into the belief that there is some connection between the two parties, though inexistent.<sup>51</sup>

Interestingly, defendants in cases of infringement do not normally copy marks; rather, they only make colorable changes. In fact, the Supreme Court declared that “[t]he most successful form of copying is to employ enough points of similarity to confuse the public, with enough points of difference to confuse the courts.”<sup>52</sup>

In one case decided by the Supreme Court, colorable imitation was defined as referring to

such a close or ingenious imitation as to be calculated to deceive ordinary purchasers, or such resemblance of the infringing mark to the original as to deceive an ordinary purchaser giving such attention as a purchaser usually gives, and to cause him [or her] to purchase the one supposing it to be the other.<sup>53</sup>

In general, colorable imitation is also considered a premeditated attempt to deceive.<sup>54</sup> “It is a trademark or service mark that is sufficiently similar to an existing registered trademark or service mark.”<sup>55</sup> From this concept and understanding, one may consider that an ingenious imitation, coupled with the calculated effort “to deceive ordinary purchasers, or such resemblance of the infringing mark to the original as to deceive an ordinary purchaser[.]” evokes malice or scheme.

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50. *Skechers U.S.A., Inc. v. Inter Pacific Industrial Trading Corp.*, 646 SCRA 448, 456 (2011).

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

52. *Skechers U.S.A., Inc.*, 646 SCRA at 461 (citing *Del Monte Corporation v. Court of Appeals*, 181 SCRA 410, 443 (1990)).

53. *Emerald Garment Manufacturing Corporation v. Court of Appeals*, 251 SCRA 600, 614 (1995) (citing *Etepha v. Director of Patents, et al.*, 16 SCRA 495, 497-98 (1966)).

54. The Law Dictionary, What is Colorable Imitation?, *available at* <https://thelawdictionary.org/colorable-imitation> (last accessed May 4, 2018).

55. *Id.*

Notably, a violation of the IP Code is considered as *malum prohibitum*, where malice or criminal intent is completely immaterial.<sup>56</sup> Taking into account the aforesaid context of colorable imitation, one may argue that the rule on *malum prohibitum* may not necessarily apply in cases where there is colorable imitation. As a consequence, good faith may be invoked as a defense, especially in a criminal case, to rule out that the accused cleverly resorted to imitation of a registered mark with the intent to deceive consumers. Stated differently, one may argue that a charge of trademark infringement involving colorable imitation requires the establishment of an intentional or knowing attempt to deceive.

In the case of *Diaz v. People*,<sup>57</sup> involving the marks “LS JEANS TAILORING” and “LEVIS STRAUSS & CO.,” the Supreme Court, in addition to applying the holistic test in determining confusing similarity, took note of the fact that based on the certificate issued by the IPOPHIL, “LS JEANS TAILORING” was a registered trademark of Victorio P. Diaz.<sup>58</sup> The Supreme Court stated that the “[IPOPHIL] would certainly not have allowed the registration had Diaz’[ ] trademark been confusingly similar with the registered trademark for LEVI’S 501 jeans.”<sup>59</sup> In essence, it can be said that the element of good faith was considered here as the use of a registered mark implies lack of intent to create a colorable imitation.

As a point of reference, infringement under Section 155 of the IP Code of the Philippines was taken from the Lanham Act of the United States (US),<sup>60</sup> which is a civil action in nature. A criminal action for infringement in the US is penalized under the Trademark Counterfeiting Act of 1984,<sup>61</sup> which, in gist, covers intentional trafficking in counterfeit goods.<sup>62</sup> To meet the definition of a counterfeit mark, the US laws also provide for the definition.<sup>63</sup> While the US Congress, in drafting Section 2320, relied on the

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56. *ABS-CBN Corporation*, 753 SCRA at 63; *Ho Wai Pang v. People*, 659 SCRA 624, 640 (2011); *People v. Chua*, 680 SCRA 575, 592–91 (2012); & *Go*, 532 SCRA at 136.

57. *Diaz v. People*, 691 SCRA 139 (2013).

58. *Id.* at 156.

59. *Id.*

60. United States Trademark Law, 15 U.S.C. § 1114 (1946) (also known as the U.S. Lanham Act).

61. Trademark Counterfeiting Act of 1984, 18 U.S.C. § 2320 (a) (1984) (U.S.).

62. *Id.*

63. The pertinent provision states,

(f) Definitions. — For the purposes of this [S]ection —

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- (1) the term “counterfeit mark” means —
- (A) a spurious mark —
- (i) that is used in connection with trafficking in any goods, services, labels, patches, stickers, wrappers, badges, emblems, medallions, charms, boxes, containers, cans, cases, hangtags, documentation, or packaging of any type or nature;
  - (ii) that is identical with, or substantially indistinguishable from, a mark registered on the principal register in the United States Patent and Trademark Office [(USPTO)] and in use, whether or not the defendant knew such mark was so registered;
  - (iii) that is applied to or used in connection with the goods or services for which the mark is registered with the [USPTO], or is applied to or consists of a label, patch, sticker, wrapper, badge, emblem, medallion, charm, box, container, can, case, hangtag, documentation, or packaging of any type or nature that is designed, marketed, or otherwise intended to be used on or in connection with the goods or services for which the mark is registered in the [USPTO]; and
  - (iv) the use of which is likely to cause confusion, to cause mistake, or to deceive; or
- (B) a spurious designation that is identical with, or substantially indistinguishable from, a designation as to which the remedies of the Lanham Act are made available by reason of [S]ection 220506 of [T]itle 36;

but such term does not include any mark or designation used in connection with goods or services, or a mark or designation applied to labels, patches, stickers, wrappers, badges, emblems, medallions, charms, boxes, containers, cans, cases, hangtags, documentation, or packaging of any type or nature used in connection with such goods or services, of which the manufacturer or producer was, at the time of the manufacture or production in question, authorized to use the mark or designation for the type of goods or services so manufactured or produced, by the holder of the right to use such mark or designation.

*Id.* 18 U.S.C. § 2320 (f).

concepts and definitions of the Lanham Act,<sup>64</sup> and that given the legislative history that US courts have often turned to civil opinions decided under the Lanham Act, some courts have held that their differences merit distinction, and that Lanham Act cases “should not be used as authoritative in interpreting a criminal statute.”<sup>65</sup>

The requirement, under Article 61 of the TRIPS Agreement, to criminalize trademark infringement must at least apply “in cases of willful trademark counterfeiting or copyright piracy on a commercial scale,”<sup>66</sup> and “may provide for criminal procedures and penalties to be applied in other cases of infringement of [IPR], in particular where they are committed willfully and on a commercial scale.”<sup>67</sup>

Under the IP Code, the same acts of infringement of trademark in a civil action were made criminal in nature sans a definition of a counterfeit mark or colorable imitation, and sans a qualification of whether or not it is in the commercial scale or if it is willful.<sup>68</sup> In any case, for purposes of definition of a counterfeit mark, one can rely on the definition provided for by the TRIPS Agreement. The said definition is simple and can easily be understood. However, for purposes of determining colorable imitation, one will have to rely on the decisions of the Supreme Court and the parameters and guidelines enunciated to determine “likelihood of confusion.”

In determining colorable imitation, Philippine jurisprudence has developed two tests, which are the dominancy test and the holistic test.

The dominancy test focuses on the

similarity of the main, prevalent[,] or essential features of the competing trademarks that might cause confusion. Infringement takes place when the competing trademark contains the essential features of another. Imitation or an effort to imitate is unnecessary. The question is whether the use of the marks is likely to cause confusion or deceive purchasers.<sup>69</sup>

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64. OFFICE OF LEGAL EDUCATION EXECUTIVE OFFICE FOR UNITED STATES ATTORNEYS, PROSECUTING INTELLECTUAL PROPERTY CRIMES 96 (4th ed.).

65. *Id.* at 97 (citing *United States v. Hanafy*, 302 F.3d 485, 488 (2002) (U.S.)).

66. TRIPS Agreement, *supra* note 14, art. 61.

67. *Id.*

68. INTELL. PROP. CODE, § 170 & 155.

69. *Societe Des Produits Nestle, S.A.*, 627 SCRA at 235 (citing *Prosource International, Inc. v. Horphag Research Management SA*, 605 SCRA 523, 531 (2009)).

On the other hand, the holistic test “considers the entirety of the marks, including labels and packaging, in determining confusing similarity. The focus is not only on the predominant words but also on the other features appearing on the labels.”<sup>70</sup> The holistic test considers trademarks in their entirety as they appear in their respective labels in relation to the goods to which they are attached.<sup>71</sup> It was pronounced that “[t]he discerning eye of the observer must focus not only on the predominant words but also on the other features appearing in both labels in order that he [or she] may draw his [or her] conclusion whether one is confusingly similar to the other.”<sup>72</sup>

The determination of when to apply dominancy test or holistic test is another challenge. In one case, the Supreme Court stated that “in ascertaining whether one trademark is confusingly similar to or is a colorable imitation of another, no set of rules can be deduced. Each case must be decided on its own merits.”<sup>73</sup> It was then explained that

the likelihood of confusion is a relative concept; to be determined only according to the particular, and sometimes peculiar, circumstances of each case. In trademark cases, even more than in any other litigation, precedent must be studied in light of the facts of the particular case. The wisdom of the likelihood of confusion test lies in its recognition that each trademark infringement case presents its own unique set of facts. Indeed, the complexities attendant to an accurate assessment of likelihood of confusion require that the entire panoply of elements constituting the relevant factual landscape be comprehensively examined.<sup>74</sup>

Again, “the most successful form of copying is to employ enough points of similarity to confuse the public, with enough points of difference to confuse the courts.”<sup>75</sup> The Supreme Court, in fact, once said that “[i]t is the tendency of the allegedly infringing mark to be confused with the registered trademark that is the gravamen of the offense of infringement of a registered trademark.”<sup>76</sup>

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70. *Id.*

71. *Bristol Myers Co. v. Director of Patents, et al.*, 17 SCRA 128, 131 (1966).

72. *Id.* & *Fruit of the Loom, Inc. v. Court of Appeals*, 133 SCRA 405, 410 (1984).

73. *Societe Des Produits Nestle, S.A.*, 627 SCRA at 217.

74. *Id.*; *Esso Standard Eastern, Inc. v. Court of Appeals*, 116 SCRA 336, 341 (1982); & *Canon Kabushiki Kaisha v. Court of Appeals*, 336 SCRA 266, 275 (2000).

75. *Skechers, U.S.A., Inc.*, 646 SCRA at 461.

76. *Diaz*, 691 SCRA at 142.



The aforesaid rules and guidelines in the determination of colorable imitation and the principle that infringement should be determined on a case to case basis may be irrefutably appropriate in civil and administrative cases. However, noting the challenge, not to say level of subjectivity, in the determination of infringement involving marks that are colorable imitation, the most challenging part arises when the case involved is a criminal case, not only because of the quantum of evidence required but more on the propriety of the definition and determination of the violation or penal offense itself.

*B. Varying Views on Colorable Imitation and Likelihood of Confusion: The Argument of Vagueness*

One possible challenge in a criminal case is that, arguably, the statute or the meaning of the word “colorable imitation” is vague, and is thus violative of the due process requirement of the Constitution.<sup>77</sup>

A statute or act may be said to be vague when it lacks comprehensible standards that [persons] of common intelligence must necessarily guess at its meaning and differ in its application. In such instance, the statute is repugnant to the Constitution in two [ ] respects — it violates due process for failure to accord persons, especially the parties targeted by it, fair notice of what conduct to avoid; and, it leaves law enforcers unbridled discretion in carrying out its provisions and becomes an arbitrary flexing of the Government muscle.<sup>78</sup>

A penal statute that violates the fair notice requirement is marked by vagueness because it leaves its subjects to necessarily guess at its meaning and differ as to its application.<sup>79</sup>

Jurisprudence defines “void-for-vagueness” as one which is “derive[d] from the basic tenet of criminal law that conduct may not be treated as criminal unless it has been so defined by an authority having the institutional competence to do so before it has taken place. It requires that a legislative crime definition be meaningfully precise.”<sup>80</sup> This doctrine, as previously stated, provides that a law is deemed facially invalid “if [persons] of common

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77. *See Scandia Down Corp. v. Euroquilt Inc.*, 772 F.2d 1423 (1985) (U.S.).

78. *Estrada v. Sandiganbayan*, 369 SCRA 394, 439-40 (2001) (citing *People v. Nazario*, 165 SCRA 186, 195-96 (1988)).

79. *Romualdez v. Commission on Elections*, 553 SCRA 370, 463 (2008) (J. Tinga, dissenting opinion).

80. *Id.* at 464 (citing John Calvin Jeffries, Jr., *Legality, Vagueness, and the Construction of Penal Statutes*, 71 VA. L. REV. 189, 196 (1985)).

intelligence must necessarily guess at its meaning and differ as to its application.”<sup>81</sup> While the Supreme Court has stated that the overbreadth and the void-for-vagueness doctrines have special application limited only to free speech cases and that they are not appropriate for testing the validity of penal statutes, these doctrines should be viewed only when used to mount facial challenges to penal statutes not involving free speech.<sup>82</sup> However, in an “as applied challenge,” one may raise any constitutional ground to strike down the subject penal provision.<sup>83</sup> Foreign jurisprudence also provides that “[a] statute can be struck down as unconstitutionally vague if it either: (1) fails to provide the kind of notice that will enable ordinary people to understand what conduct it prohibits or (2) authorizes or encourages arbitrary and discriminatory enforcement.”<sup>84</sup>

In the US, challenges on the claims that the Trademark Counterfeiting Act is unconstitutionally vague on its face,<sup>85</sup> and that the phrase “substantially indistinguishable” in trademark counterfeiting is likewise vague, were rejected.<sup>86</sup> In one case, albeit not a trademark case,<sup>87</sup> a US Court rejected the argument that the phrase “colorable imitation” is vague on the ground that “[w]hen measured by common understanding and practice, the challenged language conveys a sufficiently definite warning as to the proscribed conduct.”<sup>88</sup>

It must be noted, however, that under Section 155 of the IP Code, the use or reproduction of a mark that is a colorable imitation must cause likelihood of confusion.<sup>89</sup> In other words, more than determining colorable imitation of the subject mark, it is still incumbent upon the prosecution to establish likelihood of confusion as it is the gravamen of trademark infringement.<sup>90</sup> Simply put, an argument can be posed that there are two

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81. *Romualdez*, 553 SCRA at 418 (citing *David v. Macapagal-Arroyo*, 489 SCRA 160, 239 (2006)).

82. *Id.* at 438 (J. Carpio, dissenting opinion).

83. *Id.* at 440.

84. *City of Chicago v. Morales*, 527 U.S. 41, 56 (1999).

85. OFFICE OF LEGAL EDUCATION EXECUTIVE OFFICE FOR UNITED STATES ATTORNEYS, *supra* note 64, at 139.

86. *Id.*

87. *United States v. Goeltz*, 513 F.2d 193 (1975) (U.S.).

88. *Id.*

89. INTELL. PROP. CODE, § 155.

90. *Id.*

layers of subjectivity that are involved, which makes the interpretation of a criminal trademark infringement involving colorable imitation vulnerable to a constitutional challenge on the ground of a violation of due process.

In some instances, there is a possibility that a mark could be a colorable imitation of a registered mark, but it may not necessarily result in a likelihood of confusion because of many factors, such as the application of the ordinary purchaser rule, channels of trade, classes of customers, and even the price of the product where the subject mark is attached. Conversely, there may be a likelihood of confusion without colorable imitation.

In various cases decided by the Supreme Court, the determination of the existence of colorable imitation or confusing similarity vis-à-vis the existence of likelihood of confusion has been subjected to various tests and considerations. Sometimes the Court would apply the dominancy test, or the holistic test, or both tests, or none at all, because irrespective of both tests, it did not find confusing similarity or likelihood of confusion.

In the case of *Emerald Garment Manufacturing Corporation v. Court of Appeals*,<sup>91</sup> involving the marks “LEE” and “Stylistic MR. LEE,” the Supreme Court ruled that the trademark “Stylistic MR. LEE” is not confusingly similar to the “LEE” trademark even if the products are the same.<sup>92</sup> The Court said that, “[a]lthough on its label the word [‘]LEE[’] is prominent, the trademark should be considered as a whole and not piecemeal.”<sup>93</sup> The dissimilarities between the two marks become conspicuous, noticeable, and substantial enough to matter especially if one takes into account that the product is not an ordinary household item like soap or ketchup.<sup>94</sup> The product being jeans and considered expensive, the casual buyer is predisposed to be more cautious and discriminating, and would prefer to mull over his or her purchase, thus, making confusion and deception less likely.<sup>95</sup> Besides, the average Filipino consumer buys his or her jeans by brand, and therefore, he or she is knowledgeable and familiar with his or her preference and will not easily be distracted. Lastly, more credit should be given to the ordinary purchaser who is not completely an unwary consumer but is ordinarily an intelligent buyer considering the type

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91. *Emerald Garment Manufacturing Corporation v. Court of Appeals*, 251 SCRA 600 (1995).

92. *Id.* at 616.

93. *Id.*

94. *Id.*

95. *Id.* at 616-17.

of product involved. In this case, the Supreme Court applied the holistic test.<sup>96</sup>

In *Societe Des Produits Nestle, S.A. v. Dy, Jr.*,<sup>97</sup> involving milk products, the Supreme Court applied the dominancy test saying that the mark “NANNY” is confusingly similar to the registered mark “NAN.” In this case, Martin Dy, Jr. owns 5M Enterprises, and he imports Sunny Boy powdered milk from Australia and repacks the powdered milk into three sizes of plastic packs bearing the name “NANNY.”<sup>98</sup> “NAN” is the prevalent feature of Nestlé’s line of infant powdered milk products.<sup>99</sup> While there were differences between “NAN” and “NANNY”, to wit: (a) “NAN” is intended for infants while “NANNY” is intended for children past their infancy and for adults; and (b) “NAN” is more expensive than “NANNY”, the Supreme Court emphasized that as the registered owner of the “NAN” mark, Nestlé should be free to use its mark on similar products, in different segments of the market, and at different price levels.<sup>100</sup> Citing the case of *McDonald’s Corporation v. L.C. Big Mak Burger, Inc.*,<sup>101</sup> the Supreme Court held that the scope of protection afforded to registered trademark owners extends to market areas that are the normal expansion of business.<sup>102</sup>

In a subsequent case of *Skechers U.S.A., Inc. v. Inter Pacific Industrial Trading Corp.*,<sup>103</sup> the Supreme Court, using the dominancy test, found that the mere use of the stylized “S” symbol by Strong rubber shoes infringes on the registered trademark of Skechers U.S.A., Inc.<sup>104</sup> According to the Supreme Court, the most dominant feature of the mark is the one that catches the buyer’s eye first.<sup>105</sup> While it is undisputed that petitioner’s stylized “S” is within an oval design, the dominant feature of the trademark is the stylized “S”, as it is precisely the stylized “S” which catches the eye of

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96. *Id.* at 617.

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

98. *Id.* at 227.

99. *Id.*

100. *Id.* at 243.

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

102. *Id.* at 31.

103. *Skechers U.S.A., Inc. v. Inter Pacific Industrial Trading Corp.*, 646 SCRA 448, 456 (2011).

104. *Id.* at 457.

105. *Id.*

the purchaser.<sup>106</sup> Thus, even if respondent did not use an oval design, the mere fact that it used the same stylized “S”, the same being the dominant feature of petitioner’s trademark, already constitutes infringement under the dominancy test.<sup>107</sup> While there may be dissimilarities between the appearances of the shoes, such dissimilarities do not outweigh the stark and blatant dissimilarities in their general features.<sup>108</sup> The Supreme Court opined that dissimilarities between the shoes are too trifling and frivolous that it is indubitable that respondent’s products will cause confusion and mistake in the eyes of the public.<sup>109</sup> Respondent’s shoes may not be an exact replica of petitioner’s shoes, but the features and overall design are so similar and alike that confusion is highly likely.<sup>110</sup>

Note that in the aforementioned *Societe Des Produits, Nestle S.A.* and *Skechers U.S.A., Inc.* cases, the infringing goods involved are in commercial quantity and the goods involved are the same and/or closely related. These elements are vital in the analysis and in the evaluation of evidence. Moreover, in *Skechers U.S.A., Inc.*, the stylized “S” in itself is the essence of the mark that identifies the product. The presence of these elements vis-à-vis the use of the dominant feature of the mark suggests the calculated intent to deceive the consuming public.

In the more recent case of *Diaz v. People*,<sup>111</sup> involving the marks “LS JEANS TAILORING” and “LEVIS STRAUSS & CO.”, it was ruled that the said marks are not confusingly similar.<sup>112</sup> In this case, the Supreme Court applied the holistic test, citing the ruling of *Emerald Garment Manufacturing Corporation*, thus —

The holistic test is applicable here[,] considering that the herein criminal cases also involved trademark infringement in relation to jeans products. Accordingly, the jeans trademarks of Levi’s Philippines and Diaz must be considered as a whole in determining the likelihood of confusion between them. The *maong* pants or jeans made and sold by Levi’s Philippines, which included LEVI’S 501, were very popular in the Philippines. The consuming public knew that the original LEVI’S 501 jeans were under a foreign brand and quite expensive. Such jeans could be purchased only in malls or

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106. *Id.*

107. *Id.*

108. *Id.*

109. *Skechers U.S.A., Inc.*, 646 SCRA at 459.

110. *Id.*

111. *Diaz v. People*, 691 SCRA 139 (2013).

112. *Id.* at 156.

boutiques as ready-to-wear items, and were not available in tailoring shops like those of Diaz's as well as not acquired on a 'made-to-order' basis.<sup>113</sup>

The Supreme Court also noted that, in terms of classes of customers and channels of trade, the jeans made by Levi's and the accused Diaz cater to different classes of customers and flow through the different channels of trade.<sup>114</sup> The customers of Levi's are mall-goers belonging to the class A and B market group, while those of Diaz are those who belong to the class D and E market, who can only afford a pair of made-to-order pants for ₱300.<sup>115</sup> Moreover, "LS JEANS TAILORING" was a registered trademark of Diaz before the IPOPHIL and the said office would certainly not have allowed the registration had Diaz's trademark been confusingly similar with the registered trademark for Levi's 501 jeans.<sup>116</sup>

In *Diaz*, the Supreme Court was mindful of the gravity of the offense charged. It took note of the fact that the customers of Diaz are those who belong to the class D and E market who can only afford ₱300 for a pair of made-to-order pants, and, somehow, the element of good faith as the mark used by Diaz was registered before the IPOPHIL.<sup>117</sup> The burden of proof to establish Diaz' guilt has to be beyond reasonable doubt, and taking into account the factual circumstances of the case, it was found out that the prosecution failed to satisfy the burden.<sup>118</sup>

With the foregoing disquisition and the peculiarity by which likelihood of confusion is determined vis-à-vis the determination of colorable imitation, and the application of various tests and parameters in determining the gravamen of the offense, it will be interesting to observe how the courts will resolve the constitutionality of the criminal aspect of trademark infringement involving colorable imitation under Section 155 in relation to Section 170 of the IP Code should the issue arise.

### *C. Provisional Remedies: The Need for Circumspection*

Another challenge that trademark infringement cases involving colorable imitation will encounter is the handling of motions for destruction of infringing goods *pendente lite*, and the issuance of injunctive relief.

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113. *Id.* at 153-54.

114. *Id.* at 154.

115. *Id.* at 156.

116. *Id.*

117. *Diaz*, 691 SCRA at 156.

118. *Id.*

Section 1, Rule 20 of the Rules of Procedure for Intellectual Property Rights Cases provides that,

[a]t any time after the filing of the complaint or information, the court, upon motion and after due notice and hearing where the violation of the [IPR] of the owner is established, may order the destruction of the seized infringing goods, objects[,] and devices, including but not limited to, sales invoices, other documents evidencing sales, labels, signs, prints, packages, wrappers, receptacles, and advertisements and the like used in the infringing act.<sup>119</sup>

This procedural remedy basically provides for the destruction of infringing goods *pendente lite*. Interestingly, since infringing goods would cover goods that are counterfeit and colorable imitation, the challenging issue would be on handling motions for destruction of infringing goods involving colorable imitation. For counterfeit goods, the critical element is to establish the lack of authority to use the registered mark. For colorable imitation, other than establishing the lack of authority from the trademark owner, the occurrence of colorable imitation and likelihood of confusion is highly important. This is especially true when the proceedings are summary in nature.

On this note, it is imperative for judges to be extremely careful in issuing an order of destruction *pendente lite* as the same can result in prejudging the case or may result to some unwarranted results that can jeopardize the operation of some legitimate businesses. As a matter of fact, the said remedy can be abused by some IP owners, and if not properly handled, may result to anti-competitive practices where the enforcement of IPR is being used to exclude competition. This will not be consistent with the preambular statement of the TRIPS Agreement, which is “to ensure that measures and procedures to enforce [IPR] do not themselves become barriers to legitimate trade.”<sup>120</sup>

In the same manner, courts must exercise caution in entertaining provisional remedies. For example, in the case of *Levis Strauss & Co. v. Clinton Aparelle, Inc.*,<sup>121</sup> the Supreme Court noted the legal and factual issues attendant to the present case and ruled that it was premature for the trial court to issue injunctive relief. In this case, petitioners’ registered trademark consists of two elements: “(1) the word mark ‘Dockers’ and (2) the wing-

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119. RULES OF PROCEDURE FOR INTELLECTUAL PROPERTY RIGHTS CASES, rule 20, § 1.

120. TRIPS Agreement, *supra* note 14, pmbl.

121. *Levis Strauss & Co. v. Clinton Aparelle, Inc.*, 470 SCRA 236 (2005).

shaped design or logo.”<sup>122</sup> However, there is only one registration for both features of the trademark, giving the impression that the two should be considered as a single unit.<sup>123</sup> While the two marks involved differ in their word marks, it was argued that respondent only appropriated petitioners’ logo and not the word mark “Dockers” as it uses only a portion of the registered trademark and not the whole.<sup>124</sup> As stated by the Court, it is “unclear whether the use without the owners’ consent of a portion of a trademark registered in its entirety constitutes material or substantial invasion of the owner’s right.”<sup>125</sup>

With this, the remedy of destruction *pendente lite* and injunctive relief involving colorable imitation will be difficult, if not impossible, to avail because of the factual and legal issues that the courts have to resolve first.

#### *D. Challenges in Prosecution*

Prosecuting trademark infringement poses several challenges. Most of the time, the success of prosecuting the case would depend on the vigilance of the IP owners in collaboration with the prosecutors. Sometimes, cases are dismissed or not prosecuted to the end because of many factors. Reasons vary — such as lack of interest to prosecute, cost of litigation, and settlement of the civil aspect of the case. However, noting the adverse effects of counterfeiting and piracy not only to the rights holders but also to the economy in general, the prosecution thereof must be strongly pursued especially for trademark infringement involving counterfeit goods.

Desistance of IP owners should be treated with utmost caution. A misappreciation of the facts — as basis — should not be entertained, unless and until there is a clear showing that the mark is genuine and authorized by the IP owner. Otherwise, the fact of counterfeiting must remain and the prosecution must proceed even with the reluctance of IP owners. Prosecution on the basis of other circumstantial evidence to establish that the goods are counterfeit, such as price, quality, markings, and other factors, can be presented.

On the lack of authority from the IP owner to use the registered mark, prosecutors can resort to the subpoena power of the court to compel attendance of IP owners or their representatives. In the alternative, the

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122. *Id.* at 254.

123. *Id.*

124. *Id.*

125. *Id.*



testimony of product specialists on the subject can be availed of to ensure the successful prosecution of trademark counterfeiting. After all, the effects of counterfeiting transcend infringement of private rights.

Counterfeit goods pose a serious threat to public health and safety because these products are substandard, unsafe, and of poor quality. Also, the proliferation of counterfeit and pirated goods challenges the integrity of the country's free and fair market environment. Thus, the State has a strong interest and responsibility in the enforcement of IPR because the IP owners, as well as the community and the market in general, stand to be injured. In the Philippines, the Supreme Court has recognized the fact that, in infringement, "[t]he greater victim is not so much the manufacturer whose product is being faked[,] but the Filipino consuming public and[,] in the case of exportations, [the nation's] image abroad."<sup>126</sup> This vigilance is anchored on the fact that the prime duty of the Government is to serve and protect the people consistent with the doctrine of *parens patriae*.<sup>127</sup> In fact, there are cases where *parens patriae* has been sought to protect the economic well-being of the states' citizens, and the states' economic interests generally.<sup>128</sup>

#### IV. CONCLUSION

Deciding trademark infringement cases requires great circumspection. With the intricacies and challenges discussed, it is incumbent upon the people to be constantly mindful of the issues, context, considerations, and challenges that need to be addressed. Because the modes of committing trademark infringement in administrative, civil, or criminal cases are the same, the satisfaction of the quantum of evidence required for each case must be consciously and strictly met. In addition, the strict application of the rules of evidence becomes imperative because the appreciation of the distinction between the burden of proof and the burden of evidence will be crucial.

The issues for consideration for trademark infringement involving colorable imitation and likelihood of confusion were noted. There are many interesting issues that have yet to be explored and resolved. These issues can

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126. *La Chemise Lacoste, S.A.*, 129 SCRA at 403.

127. Jay L. Himes, *State Parens Patriae Authority: The Evolution of the State Attorney General's Authority* (Paper Prepared by the Chief of the Antitrust Bureau for the Institute for Law and Economic Policy Symposium), *available at* <http://musicians4freedom.com/wp-content/uploads/2014/10/State-Parens-Patriae-by-the-ABA.pdf> (last accessed May 4, 2018).

128. *Id.* (citing *Pennsylvania v. West Virginia*, 262 U.S. 553 (1923) & *Georgia v. Pennsylvania*, 324 U.S. 439 (1945)).

trigger a dynamic practice in the field of IP, and enrich jurisprudence and principles relevant in the promotion, protection, and enforcement of IPR. How the courts will decide these cases will be determinative of the kind of IPR enforcement regime that the Philippines will embrace. Decisions of the courts on these cases set not only the IP environment, but also the policy directions of the country. It can also set the sail for possible legislative amendments with the end view of establishing a more robust IP system.