

TRADEMARK USE REQUIREMENT IN THE PHILIPPINES

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Whether a trademark has to be actually used in the Philippines to maintain an application or registration has always been a frequently asked question, more so since the Philippines acceded to the Madrid Protocol on July 25, 2012. Yes, the Intellectual Property Code of the Philippines (IP Code) which took effect on January 1, 1998, requires the applicant or registrant to submit a Declaration of Actual Use, with evidence to prove such use, within three years from date of filing of the application (3rd year DAU), and within one (1) year, following five years from date of registration (5th year DAU).

In the case of holders of international registrations, the 3rd year DAU must be filed directly with the Intellectual Property Office of the Philippines (IPOPHL) within the three year period from the date of the international registration, or the date of the recordal of the subsequent designation of the Philippines, and the 5th year DAU must be filed within one year following five years counted from the date of the statement of grant of protection of the mark. Holders of international registrations who have no effective business establishments in the Philippines must appoint a Philippine resident agent by way of a written instrument such as a power of attorney who shall receive notices or services of proceedings involving the mark.

A one-time extension of six months is available to the applicant or registrant for the filing of the 3rd year DAU which must be requested before the expiration of the three year period. No extension is allowed for the filing of the 5th year DAU. Failure to file the DAU will result in the rejection of the application or removal of the registration from the register.

On April 5, 2013, the Intellectual Property Office of the Philippines (IPOPHL) issued Office Order No. 13-056 Series of 2013 ("Order") amending the provisions of the Trademark Regulations involving the Declaration of Actual Use (DAU) for the purpose of ensuring its timely processing and to clarify the acceptable evidence of use of the mark. Further, it institutionalized the filing of a Declaration of Non-Use (DNU) and the circumstances under which the applicant or registrant is allowed to do so. This Order covered all pending applications, including those filed under the Madrid Protocol, and registered marks as of the date of its issuance. Also, on the same date, the IPOPHL announced that it is clearing its processing backlog of DAU's which as of end of February, 2013 has accumulated to 6,919 DAU's.

Acceptable evidence of use for the DAU's

The Order listed the following as acceptable proof of use for both the 3rd year and 5th year DAU's: (1) labels of the mark as actually used, (2) downloaded pages from the applicant's or registrant's website which show that the goods are being sold, or the services are being rendered in the Philippines, (3) photographs of the goods bearing the mark as actually used in the Philippines, or of the establishments where the services covered by the mark are rendered, (4) brochures or advertising materials showing the actual use of the mark in the Philippines, (5) for online sale, receipts or other similar evidence of use showing that the goods bearing the mark are placed on the market, or the services are available, in the Philippines, or that the transaction has taken place in the Philippines, (6) copies of contracts for services showing the use of the mark in the Philippines.

Computer printouts of the drawing or reproduction of the mark will not be accepted as evidence of use.

How to file the DAU

The DAU must be under oath and can be filed by the applicant, registrant or their authorized agents. Non-resident applicants or registrants must appoint a resident agent in the Philippines to file the DAU. A DAU shall cover only one application or registration. It should contain the name and address of the establishment where the goods bearing the mark or the services being rendered are made available. The date of first use is no longer required to be indicated in the DAU. The date of payment of the DAU fees shall be considered as the date of filing the DAU.

Declaration of Non-Use (DNU)

Section 152 of the IP Code provides for the grounds when non-use of a mark is allowed, hence, the basis for the declaration of non-use, to wit:

- (1) non-use of a mark may be excused if caused by circumstances arising independently of the will of a trademark owner. Lack of funds shall not excuse non-use of a mark (152.1);
- (2) use of the mark in a form different from that in which it is registered, but which does not alter the distinctive character of the mark, shall not be a ground for cancellation or removal of the mark, and shall not diminish the protection granted to the mark (152.2);
- (3) use of the mark in connection with one or more of the goods or services belonging to the class covered by the registration shall prevent its cancellation or removal in respect of all the other goods or services in said class (152.3);
- (4) use of a mark by a company related to the applicant or registrant, or where such use is controlled by the registrant or applicant with respect to the nature and quality of the goods or services, provided that such use shall not deceive the public, inures to the benefit of the applicant or registrant, and shall not affect the validity of the mark or registration (152.4).

The Order has further clarified the circumstances under which the applicant or registrant can file a Declaration of DNU to wit:

- (1) where the applicant or registrant is prohibited from using the mark in commerce by other government agencies prior to putting the goods in the market or the rendering of the service. An example would be the pendency of a product registration approval by the Food and Drug Administration.
- (2) Where a restraining order has been issued by the IOPH, courts or other government agencies involving the goods or services bearing the mark;
- (3) Where the subject mark is the subject of an opposition or cancellation proceedings.

Similar to the DAU, the DNU must be filed within the 3 year period after the filing date, or within the six months extension period, if an extension was filed, and the corresponding filing fees have been paid.

Actual Cases of Cancellation for failure to file the DAU

In the case of *Mattel vs. Francisco et al.*, G. R. No. 166886, July 30, 2008 involving the mark "BARBIE", filed by Respondent Jimmy Uy covering the goods confectionery products such as milk, chocolates, etc., the Supreme Court citing Rule 204 of the Trademark Regulations which provides that the DAU must be filed without any need of notice, and since Respondent had admitted in his Comment and Memorandum that he has effectively abandoned or withdrawn any rights or interest in his trademark by his non-filing of the required DAU, there is no more actual controversy to be decided.

In IPC No. 14-2004-00114, entitled *C. Hager & Sons Hinge Manufacturing Co. vs. Philman Commercial Inc.*, the IOPH issued its decision dated April 25, 2006 rejecting the trademark application of the latter for the mark "HAGER & DEVICE" for failure to file the 3rd year DAU.

Conclusion

The IP Code was not amended despite the accession of the Philippines to the Madrid Protocol. Hence, a trademark owner wishing to continue protecting his mark in the Philippines must use said mark in the Philippines and file a Declaration of Use, or, if applicable, a Declaration of Non-Use, within the required periods as mandated by the IP Code and the trademark regulations, and thru a Philippine resident agent. Failure to do so, shall prompt the IPOPHL to remove the mark from the register and notify the International Bureau accordingly. If a trademark owner is not yet ready to enter the Philippine market within said period but remains interested to do so in the future, he can always file a fresh application for his mark, by direct filing to the IPOPHL thru his resident agent, to discourage enterprising third parties from filing an identical or similar mark, and possibly avoiding future costly litigation expenses.

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Atty. Hechanova, a lawyer and certified patent agent, is the President/CEO of Hechanova & Co., Inc. a company handling trademark and patent prosecution, copyright and domain name registrations, trademark valuation, searches, and other non-contentious intellectual property issues. She is also the managing partner of its affiliated law firm Hechanova Bugay & Vilchez. Her experience covers both contentious and non-contentious intellectual property matters, e.g., licensing, due diligence, trademarks and patents prosecution, copyright, patent and trademark litigation. Atty. Hechanova is an accredited Court Annexed Mediator at the Court of Appeals, and an accredited mediator and arbitrator in the Intellectual Property Office of the Philippines.

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