

INTRODUCTION

In the past, whenever we talk of property in business, what comes to mind are tangible assets such as land, buildings, equipment and the like. Seldom did businesses consider, much less value, the intangible assets or intellectual properties that comprise, among others, the trade secrets, goodwill, reputation, patents, trademarks and other proprietary rights of the intellectual creations used in business. However, in today's global knowledge-based economy, businesses can no longer afford to ignore their intangible assets. In fact, several global players have shifted their attention to owning, protecting and managing predominantly the intangible assets of their core business and simply outsource the rest.

You could see big companies no longer buying buildings, land and equipment. In fact, a number are closing down their factories and selling their tangible assets. Their focus has shifted to capitalizing the power of their brands, managing their value chain, leveraging their unique competence and expanding their core technology. You see airlines not owning their airplanes; popular consumer brands not manufacturing the goods they sell; and products designed and engineered by a company using parts manufactured by different companies.

However, the micro or small and medium-sized businesses, especially start-up businesses, have been quite slow to catch up on this new trend. They have failed to appreciate, build and capitalize on their intangible assets. Many still do not value, as they should, the intellectual creations of their businesses even up to

today. This is rather unfortunate because without their knowing, their intellectual property is their competitive advantage against more established players in the industry.

On this premise, our firm has embarked on a crusade-like campaign to raise the public awareness on the importance of intellectual property rights (IPR) protection in businesses today. We have conducted training and consulting sessions on various fields of intellectual property (trademark, patent, copyright, etc.) to different businessmen and young entrepreneurs. However, despite our earnest efforts to help educate entrepreneurs, we felt that our available time and resources to conduct training are far too limited to achieve what we had set forth to do.

Thus, one day, the partners in the firm suggested that we capture the lectures and discussions in our training on printed pages so our message can be reproduced a thousand fold. The goal was to come up with a compact business-friendly handbook on trademark law written in a language that maintains, to a certain degree, the informal dialogue and spontaneity of a live lecture.

Hence, we came up with this book – which is a first attempt of the firm to reach out to as many micro and small and medium enterprises – and hopefully will be the first of a series of handbooks for businessmen. We chose to write about trademarks because of their wide application and relevance to almost all businesses regardless of size, nature and industry. Whether we like it or not, every business has a name, a brand, an image and a reputation imprinted in the minds of its customers and business partners, and every businessman would be interested to protect these. Since trademarks are related to trade names, we expanded the coverage to include some discussions on trade names.

This book offers straightforward answers to concerns and questions commonly raised by businessmen and entrepreneurs. In very simple language, the first five chapters of this book present a general background on trademarks and trade names. In the succeeding eight chapters (from Chapters 6 to 13), we discussed the salient aspects of trademark law, which we hope will serve as a practical guide for businessmen. Just as we used a lot of graphic illustrations in our seminars, this book likewise contains these illustrations to complement the discussions.

However, we have not intended to make this book an exhaustive treatise on trademarks. Neither will it substitute the advice of a good trademark lawyer. We also have to note that intellectual property law is a “dynamic and developing field of law.” Thus, what we write about today will be subject to constant changes and modification in the law, administrative practice and jurisprudence. Having said that, we are hopeful that readers will find this book informative and instrumental in obtaining a valuable insight on protecting trademarks.

Looking back, we feel that it was truly a fantastic idea because through this publication, we are able to virtually train more audiences and reach out to more businessmen than we can ever imagine doing through live training. We are thankful to the officers and staff of the Intellectual Property Office and the Department of Trade and Industry for their encouragement and support. In fact, the title of the book “Protecting Marks of Ownership” was suggested by a friend from the Intellectual Property Office during one of our training sessions. We like to make special mention the Director General of the Intellectual Property Office, Ms. Emma Francisco, and the Department of Trade and Industry Provincial Director of Cebu, Director Nelia Navarro, for their friendship and confidence in our professional undertakings . We thank you all so very much!!

CHAPTER I

A Case of More Than One Identifier

In our experience in dealing with clients and businessmen, we noticed that there seems to be a lot of confusion in the minds of everyone between what is a "trade name" as opposed to a "trademark." Thus, let us start our discussions by clarifying this matter. The name you give your product is called a "trademark" while the name you give your business or business entity is your "trade name." It may sound rather simple at first but when you are referring to businesses that do not sell products but services, the delineation can become blurred because the name given to identify the service – which is also a trademark but more accurately called a “service mark” – overlaps with, or functions much like a trade name. Let us cite a concrete example.. When you drive by a video-renting shop or a car repair shop, is the name you see in the signage at the front door a service mark or a trade name? Sure, it identifies the services rendered by the establishment, but doesn't it also identify the business? Let us give some more examples.

Remember your favorite McDonald's Restaurant. “MCDONALD'S” is undoubtedly a world famous service mark for a particular fast food retail service. However, “McDonald's” is also the name of the company that owns the franchise system - McDonald's Corporation, a Delaware-based U.S. company. Similarly, let us look at your neighborhood gasoline station. As you approach the station from afar, you

will see a tall signpost with the name “CALTEX” written in bold letters and a stylized star logo. This is again a service mark. It’s the name and symbol used to identify a particular brand of gasoline station. Upon seeing the mark, even from afar, you’ll recognize immediately that in the station, you will be able to buy a particular brand of gasoline, diesel fuel and motor oil for your car. At the same time, you may also have your car washed or your tires and engines checked, all of which are services identified with or unique to the “CALTEX” service station. Also, you know that it is only in the “CALTEX” station that you will find “STAR MART,” a-24 hour convenience store where you can buy food and drinks, as well as other dry goods. However, aside from being a service mark, “CALTEX” is also the trade name “CALTEX (PHILIPPINES), INCORPORATED” identifying the business or business entity. This is the name used by the owner in transacting and contracting with employees, suppliers, banks, business partners and franchisees. It is the same name appearing in government licenses and permits as well as other documents identifying the business of the owner.

Another example that comes to mind is the trade name and trademark of one of our clients, a perfume product given the name “G.A.S.” which we were told stands for “Gone Acutely Sexy.” G.A.S. perfumes are normally sold in the company stores all over the country. The name of the store which sells “G.A.S.” perfumes and other life style products is “OXYGEN” with a stylized “O²” logo. In this case, “G.A.S.” is a trademark identifying the product of the company, while “OXYGEN” is a service mark identifying the retailing service of the company. However, unlike the previous example where the service mark is the same as the trade name, our client opted not to use “OXYGEN” as both its service mark and trade name. When you buy a product from the “OXYGEN” store, you will notice in the official receipt that the name of the business is not “OXYGEN” but some other name. The name appearing in the official receipt is the trade name of our client, which is different from its service mark and trademark.

As can be seen in the examples above, not all businesses use different names for their products, services and businesses. It is possible for businesses to use the same word or mere variations of the same word for all. As such, the distinction between a service mark and trade name gets blurred from the point of view of the businessman. “Aren’t they one and the same?” a participant once asked in our seminar. Perhaps to the businessman, it may seem so, but under the law, the trade name on one hand and the trademark or service mark on the other hand is legally distinct. They are governed by different statutes, covered by different registries, and afforded different kinds of protection. Thus, they have to be properly distinguished and this book aims to do just that.

On the side, it is interesting to note that when a trade name is different from the trademark or service mark, the goodwill generated from the products and services does not automatically translate into goodwill and good reputation for the business itself. There can be a situation wherein the business entity producing the popular product or service is completely unknown to the public. Conversely, if the trade name is also the trademark or service mark, the reputation of the business is automatically intertwined with the popularity or notoriety of the product. One affects the other, either positively or adversely, in such a scenario.