

SECOND DIVISION

[G.R. No. 222366. December 4, 2017.]

W LAND HOLDING, INC., *petitioner*, vs. **STARWOOD HOTELS AND RESORTS WORLDWIDE, INC.,** *respondent*.

DECISION

PERLAS-BERNABE, J.:

Assailed in this petition for review on *certiorari* [1] are the Decision [2] dated June 22, 2015 and the Resolution [3] dated January 7, 2016 of the Court of Appeals (CA) in CA-G.R. SP No. 133825 affirming the Decision [4] dated January 10, 2014 of the Intellectual Property Office (IPO)-Director General (IPO DG), which, in turn, reversed the Decision [5] dated May 11, 2012 of the IPO Bureau of Legal Affairs (BLA) in Inter Partes Case No. 14-2009-00143, and accordingly, dismissed petitioner W Land Holdings, Inc.'s (W Land) petition for cancellation of the trademark "W" registered in the name of respondent Starwood Hotels and Resorts, Worldwide, Inc. (Starwood).

The Facts

On December 2, 2005, Starwood filed before the IPO an application for registration of the trademark "W" for Classes 43 [6] and 44 [7] of the International Classification of Goods and Services for the Purposes of the Registration of Marks [8] (Nice Classification). [9] On February 26, 2007, Starwood's application was granted and thus, the "W" mark was registered in its name. [10] However, on April 20, 2006, W Land applied [11] for the registration of its own "W" mark for Class 36, [12] which thereby prompted Starwood to oppose the same. [13] In a Decision [14] dated April 23, 2008, the BLA found merit in Starwood's opposition, and ruled that W Land's "W" mark is confusingly similar with Starwood's mark, [15] which had an earlier filing date. W Land filed a motion for reconsideration [16] on June 11, 2008, which was denied by the BLA in a Resolution [17] dated July 23, 2010.

On May 29, 2009, W Land filed a Petition for Cancellation [18] of Starwood's mark for non-use under Section 151.1 [19] of Republic Act No. 8293 or the "Intellectual Property Code of the Philippines" (IP Code), [20] claiming that Starwood has failed to use its mark in the Philippines because it has no hotel or establishment in the Philippines rendering the services covered by its registration; and that Starwood's "W" mark application and registration barred its own "W" mark application and registration for use on real estate. [21]

In its defense, [22] Starwood denied having abandoned the subject mark on the ground of non-use, asserting that it filed with the Director of Trademarks a notarized Declaration of Actual Use [23] (DAU) [24] with evidence of use on December 2, 2008, [25] which was not rejected. In this relation, Starwood argued that it conducts hotel and leisure business both directly and indirectly through subsidiaries and franchisees, and operates interactive websites for its W Hotels in order to accommodate its potential clients worldwide. [26] According to Starwood, apart from viewing agents, discounts, promotions, and other marketing fields being offered by it, these interactive websites allow Philippine residents to make reservations and bookings, which presuppose clear and convincing use of the "W" mark in the Philippines. [27]

The BLA Ruling

In a Decision [28] dated May 11, 2012, the BLA ruled in W Land's favor, and accordingly ordered the cancellation of Starwood's registration for the "W" mark. The BLA found that the DAU and the attachments thereto submitted by Starwood did not prove actual use of the "W" mark in the Philippines, considering that the "evidences of use" attached to the DAU refer to hotel or establishments that are located abroad. [29] In this regard, the BLA opined that "the use of a trademark as a business tool and as contemplated under [Section 151.1 (c) of RA 8293] refers to the actual attachment thereof to goods and services that are sold or availed of and located in the Philippines." [30]

Dissatisfied, Starwood appealed [31] to the IPO DG.

The IPO DG Ruling

In a Decision [32] dated January 10, 2014, the IPO DG granted Starwood's appeal, [33] thereby dismissing W Land's Petition for Cancellation. Contrary to the BLA's findings, the IPO DG found that Starwood's submission of its DAU and attachments, coupled by the acceptance thereof by the IPO Bureau of Trademarks, shows that the "W" mark still bears a "registered" status. Therefore, there is a presumption that Starwood sufficiently complied with the registration requirements for its mark. [34] The IPO DG likewise held that the absence of any hotel or establishment owned by Starwood in the Philippines bearing the "W" mark should not be equated to the absence of its use in the country, opining that Starwood's pieces of evidence, particularly its interactive website, indicate actual use in the Philippines, [35] citing Rule 205 [36] of the Trademark Regulations, as amended by IPO Office Order No. 056-13. [37] Finally, the IPO DG stressed that since Starwood is the undisputed owner of the "W" mark for use in hotel and hotel-related services, any perceived damage on the part of W Land in this case should be subordinated to the essence of protecting Starwood's intellectual property rights. To rule otherwise is to undermine the intellectual property system. [38]

Aggrieved, W Land filed a petition for review [39] under Rule 43 of the Rules of Court before the CA.

The CA Ruling

In a Decision [40] dated June 22, 2015, the CA affirmed the IPO DG ruling. At the onset, the CA observed that the hotel business is peculiar in nature in that the offer, as well as the acceptance of room reservations or bookings wherever in the world is an indispensable element. As such, the actual existence or presence of a hotel in one place is not necessary before it can be considered as doing business therein. [41] In this regard, the CA recognized that the internet has become a powerful tool in allowing businesses to reach out to consumers in a given market without being physically present thereat; thus, the IPO DG correctly held that Starwood's interactive websites already indicate its actual use in the Philippines of the "W" mark. [42] Finally, the CA echoed the IPO DG's finding that since Starwood is the true owner of the "W" mark — as shown by the fact that Starwood had already applied for the registration of this mark even before W Land was incorporated — its registration over the same should remain valid, absent any showing that it has abandoned the use thereof. [43]

Unperturbed, W Land moved for reconsideration, [44] but was denied in a Resolution [45] dated January 7, 2016; hence, this petition.

The Issue Before the Court

The essential issue for the Court's resolution is whether or not the CA correctly affirmed the IPO DG's dismissal of W Land's Petition for Cancellation of Starwood's "W" mark.

The Court's Ruling

The petition is without merit.

The IP Code defines a "mark" as "any visible sign capable of distinguishing the goods (trademark) or services (service mark) of an enterprise." [46] Case law explains that "[t]rademarks deal with the psychological function of symbols and the effect of these symbols on the public at large." [47] It is a merchandising short-cut, and, "[w]hatever the means employed, the aim is the same — to convey through the mark, in the minds of potential customers, the desirability of the commodity upon which it appears." [48] Thus, the protection of trademarks as intellectual property is intended not only to preserve the goodwill and reputation of the business established on the goods or services bearing the mark through actual use over a period of time, but also to safeguard the public as consumers against confusion on these goods or services. [49] As viewed by modern authorities on trademark law, trademarks perform three (3) distinct functions: (1) they indicate origin or ownership of the

articles to which they are attached; (2) they guarantee that those articles come up to a certain standard of quality; and (3) they advertise the articles they symbolize. [50]

In *Berris Agricultural Co., Inc. v. Abyadang*, [51] this Court explained that "[t]he ownership of a trademark is acquired by its registration and its actual use by the manufacturer or distributor of the goods made available to the purchasing public. x x x. A certificate of registration of a mark, once issued, constitutes *prima facie* evidence of the validity of the registration, of 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 related thereto specified in the certificate." [52] However, "the *prima facie* presumption brought about by the registration of a mark may be challenged and overcome, in an appropriate action, **by proof of, among others, non-use of the mark**, except when excused." [53]

The actual use of the mark representing the goods or services introduced and transacted in commerce over a period of time creates that goodwill which the law seeks to protect. For this reason, the *IP Code*, under Section 124.2, [54] requires the registrant or owner of a registered mark to declare "actual use of the mark" (DAU) and present evidence of such use within the prescribed period. Failing in which, the IPO DG may cause the *motu proprio* removal from the register of the mark's registration. [55] Also, any person, believing that "he or she will be damaged by the registration of a mark," which has not been used within the Philippines, may file a petition for cancellation. [56] Following the basic rule that he who alleges must prove his case, [57] the burden lies on the petitioner to show damage and non-use.

The *IP Code* and the Trademark Regulations have not specifically defined "use." However, it is understood that **the "use" which the law requires to maintain the registration of a mark must be genuine**, and not merely token. Based on foreign authorities, [58] genuine use may be characterized **as a bona fide use which results or tends to result, in one way or another, into a commercial interaction or transaction "in the ordinary course of trade."** [59]

What specific act or acts would constitute use of the mark sufficient to keep its registration in force may be gleaned from the Trademark Regulations, Rule 205 of which reads:

RULE 205. *Contents of the Declaration and Evidence of Actual Use.*
— **The declaration shall be under oath**, must refer to only one application or registration, must contain the name and address of the applicant or registrant **declaring that the mark is in actual use in the Philippines**, list of goods where the mark is attached; **list the name or names and the exact location or locations of the outlet or outlets** where the products are being sold or **where the services are being rendered, recite sufficient facts to show that the mark described in the application or registration is being actually used in the Philippines and, specifying the nature of such use.** The declarant shall attach five labels as actually used on the goods or the picture of the stamped or marked container visibly and legibly showing the mark as well as proof of payment of the prescribed fee. [As amended by Office Order No. 08 (2000)] (Emphases supplied)

The Trademark Regulations was amended by Office Order No. 056-13. Particularly, Rule 205 now mentions certain items which "shall be accepted as proof of actual use of the mark:"

RULE 205. *Contents of the Declaration and Evidence of Actual Use.*

(a) The declaration shall be under oath and filed by the applicant or registrant (or the authorized officer in case of a juridical entity) or the attorney or authorized representative of the applicant or registrant. The declaration must refer to only one application or registration, shall contain the name and address of the applicant or registrant declaring that the mark is in actual use in the Philippines, the list of goods or services where the mark is used, the name/s of the establishment and address where the products are being sold or where the services are being rendered. If the goods or services are available only by online purchase, the website must be indicated on the form in lieu of name or address of the establishment or outlet. The applicant or registrant may include other facts to show that the mark described in the application or registration is actually being used in the Philippines. The date of first use shall not be required.

(b) Actual use for some of the goods and services in the same class shall constitute use for the entire class of goods and services. Actual use for one class shall be considered use for related classes. In the event that some classes are not covered in the declaration, a subsequent declaration of actual use may be filed for the other classes of goods or services not included in the first declaration, provided that the subsequent declaration is filed within the three-year period or the extension period, in case an extension of time to file the declaration was timely made. In the event that no subsequent declaration of actual use for the other classes of goods and services is filed within the prescribed period, the classes shall be automatically dropped from the application or registration without need of notice to the applicant or registrant.

(c) **The following shall be accepted as proof of actual use of the mark:** (1) labels of the mark as these are used; (2) **downloaded pages from the website of the applicant or registrant clearly showing that the goods are being sold or the services are being rendered in the Philippines;** (3) photographs (including digital photographs printed on ordinary paper) of goods bearing the marks as these are actually used or of the stamped or marked container of goods and of the establishment/s where the services are being rendered; (4) brochures or advertising materials showing the actual use of the mark on the goods being sold or services being rendered in the Philippines; (5) **for online sale, receipts of sale of the goods or services rendered or other similar evidence of use, showing that the goods are placed on the market or the services are available in the Philippines or that the transaction took place in the Philippines;** (6) copies of contracts for services showing the use of the mark. Computer printouts of the drawing or reproduction of marks will not be accepted as evidence of use.

(d) **The Director may, from time to time, issue a list of acceptable evidence of use and those that will not be accepted by the Office.** (Emphases and underscoring supplied)

Office Order No. 056-13 was issued by the IPO DG on April 5, 2013, pursuant to his delegated rule-making authority under Section 7 of the IP Code. [60] The rationale for this issuance, per its whereas clauses, is to further "the policy of the [IPO] to streamline administrative procedures in registering trademarks" and in so doing, address the need "to clarify what will be accepted as proof of use." In this regard, the parameters and list of evidence introduced under the amended Trademark Regulations are thus mere administrative guidelines which are only meant to flesh out the types of acceptable evidence necessary to prove what the law already provides, *i.e.*, the requirement of actual use. As such, contrary to W Land's postulation, [61] the same does not diminish or modify any substantive right and hence, may be properly applied to "all pending and registered marks," [62] as in Starwood's "W" mark for hotel/hotel reservation services being rendered or, at the very least, made available in the Philippines.

Based on the amended Trademark Regulations, it is apparent that the IPO has now given due regard to the advent of commerce on the internet. Specifically, it now recognizes, among others, "downloaded pages from the website of the applicant or registrant clearly showing that the goods are being sold or the services are being rendered in the Philippines," as well as "for online sale, receipts of sale of the goods or services rendered or other similar evidence of use, showing that the goods are placed on the market or the services are available in the Philippines or that the transaction took place in the Philippines," [63] as acceptable proof of actual use. Truly, the Court discerns that these amendments are but an inevitable reflection of the realities of the times. In *Mirpuri v. CA*, [64] this Court noted that "[a]dvertising on the Net and cybershopping are turning the Internet into a commercial marketplace:" [65]

The Internet is a decentralized computer network linked together through routers and communications protocols that enable anyone connected to it to communicate with others likewise connected, regardless of physical location. Users of the Internet have a wide variety of communication methods available to them and a tremendous wealth of information that they may access. The growing popularity of the Net has been driven in large part by the World Wide Web, *i.e.*, a system that facilitates use of the Net by sorting through the great mass of information available on it. **Advertising on the Net and cybershopping are turning the Internet into a commercial marketplace.** [66] (Emphasis and underscoring supplied)

Thus, as modes of advertising and acquisition have now permeated into virtual zones over cyberspace, the concept of commercial goodwill has indeed evolved:

In the last half century, the unparalleled growth of industry and the rapid development of communications technology have enabled trademarks, tradenames and other distinctive signs of a product to penetrate regions where the owner does not actually manufacture or sell the product itself. **Goodwill is no longer confined to the territory of actual market penetration; it extends to zones where the marked article has been fixed in the public mind through advertising. Whether in the print, broadcast**

or electronic communications medium, particularly on the Internet, advertising has paved the way for growth and expansion of the product by creating and earning a reputation that crosses over borders, virtually turning the whole world into one vast marketplace. [67]

(Emphasis and underscoring supplied)

Cognizant of this current state of affairs, the Court therefore agrees with the IPO DG, as affirmed by the CA, that the use of a registered mark representing the owner's goods or services by means of an interactive website may constitute proof of actual use that is sufficient to maintain the registration of the same. Since the internet has turned the world into one vast marketplace, the owner of a registered mark is clearly entitled to generate and further strengthen his commercial goodwill by actively marketing and commercially transacting his wares or services throughout multiple platforms on the internet. The facilities and avenues present in the internet are, in fact, more prominent nowadays as they conveniently cater to the modern-day consumer who desires to procure goods or services at any place and at any time, through the simple click of a mouse, or the tap of a screen. Multitudinous commercial transactions are accessed, brokered, and consummated everyday over websites. These websites carry the mark which represents the goods or services sought to be transacted. For the owner, he intentionally exhibits his mark to attract the customers' interest in his goods or services. The mark displayed over the website no less serves its functions of indicating the goods or services' origin and symbolizing the owner's goodwill than a mark displayed in the physical market. Therefore, there is no less premium to recognize actual use of marks through websites than their actual use through traditional means. Indeed, as our world evolves, so too should our appreciation of the law. Legal interpretation — as it largely affects the lives of people in the here and now — never happens in a vacuum. As such, it should not be stagnant but dynamic; it should not be ensnared in the obsolete but rather, sensitive to surrounding social realities.

It must be emphasized, however, that the mere exhibition of goods or services over the internet, without more, is not enough to constitute actual use. To reiterate, the "use" contemplated by law is genuine use — that is, a *bona fide* kind of use tending towards a commercial transaction in the ordinary course of trade. Since the internet creates a borderless marketplace, **it must be shown that the owner has actually transacted, or at the very least, intentionally targeted customers of a particular jurisdiction in order to be considered as having used the trade mark in the ordinary course of his trade in that country. A showing of an actual commercial link to the country is therefore imperative.** Otherwise, an unscrupulous registrant would be able to maintain his mark by the mere expedient of setting up a website, or by posting his goods or services on another's site, although no commercial activity is intended to be pursued in the Philippines. This type of token use renders inutile the commercial purpose of the mark, and hence, negates the reason to keep its registration active. **As the IP Code expressly requires, the use of the mark must be "within the Philippines."** This is embedded in Section 151 of the IP Code on cancellation, which reads:

SECTION 151. *Cancellation.* — 151.1. A petition to cancel a registration of a mark under this Act may be filed with the Bureau of Legal

Affairs by any person who believes that he is or will be damaged by the registration of a mark under this Act as follows:

- (a) Within five (5) years from the date of the registration of the mark under this Act.
- (b) At any time, if the registered mark becomes the generic name for the goods or services, or a portion thereof, for which it is registered, or has been abandoned, or its registration was obtained fraudulently or contrary to the provisions of this Act, or if the registered mark is being 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. If the registered mark becomes the generic name for less than all of the goods or services for which it is registered, a petition to cancel the registration for only those goods or services may be filed. A registered mark shall not be deemed to be the generic name of goods or services solely because such mark is also used as a name of or to identify a unique product or service. The primary significance of the registered mark to the relevant public rather than purchaser motivation shall be the test for determining whether the registered mark has become the generic name of goods or services on or in connection with which it has been used.
- (c) **At any time, if the registered owner of the mark without legitimate reason fails to use the mark within the Philippines, or to cause it to be used in the Philippines by virtue of a license during an uninterrupted period of three (3) years or longer. (Emphasis and underscoring supplied)**

The hotel industry is no stranger to the developments and advances in technology. Like most businesses nowadays, hotels are utilizing the internet to drive almost every aspect of their operations, most especially the offering and accepting of room reservations or bookings, regardless of the client or customer base. The CA explained this booking process in that the "business transactions commence with the placing of room reservations, usually by or through a travel agent who acts for or in behalf of his principal, the hotel establishment. [The] reservation is first communicated to the reservations and booking assistant tasked to handle the transaction. After the reservation is made, the specific room reserved for the guest will be blocked and will not be offered to another guest. As such, on the specified date of arrival, the room reserved will be available to the guest." [68]

In this accord, a hotel's website has now become an integral element of a hotel business. Especially with the uptrend of international travel and tourism, the hotel's website is now recognized as an efficient and necessary tool in advertising and promoting its brand in almost every part of the world. More so, interactive websites that allow customers or clients to instantaneously book and pay for, in advance, accommodations and other services of a hotel anywhere in the world, regardless of the hotel's actual location, dispense with the need for travel agents or hotel employees to transact the reservations for them. In effect, the hotel's website

acts as a bridge or portal through which the hotel reaches out and provides its services to the client/customer anywhere in the world, with the booking transaction completed at the client/customer's own convenience. It is in this sense that the CA noted that the "actual existence or presence of a hotel in one place is not necessary before it can be considered as doing business therein." [69]

As earlier intimated, mere use of a mark on a website which can be accessed anywhere in the world will not automatically mean that the mark has been used in the ordinary course of trade of a particular country. Thus, the use of mark on the internet must be shown to result into a within-State sale, or at the very least, discernibly intended to target customers that reside in that country. This being so, **the use of the mark on an interactive website, for instance, may be said to target local customers when they contain specific details regarding or pertaining to the target State, sufficiently showing an intent towards realizing a within-State commercial activity or interaction.** These details may constitute a local contact phone number, specific reference being available to local customers, a specific local webpage, whether domestic language and currency is used on the website, and/or whether domestic payment methods are accepted. [70] Notably, this paradigm of ascertaining local details to evince within-state commercial intent is subscribed to by a number of jurisdictions, namely, the European Union, Hong Kong, Singapore, Malaysia, Japan, Australia, Germany, France, Russia, and the United Kingdom. [71] As for the U.S. — where most of our intellectual property laws have been patterned [72] — there have been no decisions to date coming from its Trademark Trial and Appeal Board involving cases challenging the validity of mark registrations through a cancellation action based on the mark's internet use. However, in *International Bancorp LLC v. Societe des Bains de Mer et du Cercle des Etrangers a Monaco*, [73] it was ruled that mere advertising in the U.S. combined with rendering of services to American customers in a foreign country constituted "use" for the purpose of establishing trademark rights in the U.S.

In this case, Starwood has proven that it owns Philippine registered domain names, [74] *i.e.*, www.whotels.ph, www.wreservations.ph, www.whotel.ph, www.wreservation.ph, for its website that showcase its mark. The website is readily accessible to Philippine citizens and residents, where they can avail and book amenities and other services in any of Starwood's W Hotels worldwide. Its website also readily provides a phone number [75] for Philippine consumers to call for information or other concerns. The website further uses the English language [76] — considered as an official language in this country [77] — which the relevant market in the Philippines understands and often uses in the daily conduct of affairs. In addition, the prices for its hotel accommodations and/or services can be converted into the local currency or the Philippine Peso. [78] Amidst all of these features, Starwood's "W" mark is prominently displayed in the website through which consumers in the Philippines can instantaneously book and pay for their accommodations, with immediate confirmation, in any of its W Hotels. Furthermore, it has presented data showing a considerably growing number of internet users in the Philippines visiting its website since 2003, which is enough to

conclude that Starwood has established commercially-motivated relationships with Philippine consumers. [79]

Taken together, these facts and circumstances show that Starwood's use of its "W" mark through its interactive website is intended to produce a discernable commercial effect or activity within the Philippines, or at the very least, seeks to establish commercial interaction with local consumers. Accordingly, Starwood's use of the "W" mark in its reservation services through its website constitutes use of the mark sufficient to keep its registration in force.

To be sure, Starwood's "W" mark is registered for Classes 43, *i.e.*, for hotel, motel, resort and motor inn services, **hotel reservation services**, restaurant, bar and catering services, food and beverage preparation services, café and cafeteria services, provision of conference, meeting and social function facilities, under the Nice Classification. [80] Under Section 152.3 of the IP Code, "[t]he use of a mark in connection with one or more of the goods or services belonging to the class in respect of which the mark is registered shall prevent its cancellation or removal in respect of all other goods or services of the same class." Thus, Starwood's use of the "W" mark for reservation services through its website constitutes use of the mark which is already sufficient to protect its registration under the entire subject classification from non-use cancellation. This, notwithstanding the absence of a Starwood hotel or establishment in the Philippines.

Finally, it deserves pointing out that Starwood submitted in 2008 its DAU with evidence of use which the IPO, through its Director of Trademarks and later by the IPO DG in the January 10, 2014 Decision, had accepted and recognized as valid. The Court finds no reason to disturb this recognition. According to jurisprudence, administrative agencies, such as the IPO, by means of their special knowledge and expertise over matters falling within their jurisdiction are in a better position to pass judgment on this issue. [81] Thus, their findings are generally accorded respect and finality, as long as they are supported by substantial evidence. In this case, there is no compelling basis to reverse the IPO DG's findings — to keep Starwood's registration for the "W" mark in force — as they are well supported by the facts and the law and thus, deserve respect from this Court.

WHEREFORE, the petition is **DENIED**. The Decision dated June 22, 2015 and the Resolution dated January 7, 2016 of the Court of Appeals in CA-G.R. SP No. 133825 are hereby **AFFIRMED**.

SO ORDERED.

Peralta, Caguioa and Reyes, Jr., JJ., concur.

Jardeleza, [] J., is on leave.*

Footnotes

* Designated Additional Member per Raffle dated November 27, 2017; on leave.

1. *Rollo*, pp. 10-63.

2. *Id.* at 70 and 76-87. Penned by Associate Justice Carmelita Salandanan-Manahan with Associate Justices Japar B. Dimaampao and Franchito N. Diamante, concurring.

3. *Id.* at 75, 71-73.

4. *Id.* at 168-175. Penned by Director General Ricardo R. Blancaflor.

5. *Id.* at 758-767. Penned by Director IV Atty. Nathaniel S. Arevalo.

6. CLASS 43 — Services for providing food and drink; temporary accommodation.

Explanatory Note: Class 43 includes mainly services provided by persons or establishments whose aim is to prepare food and drink for consumption and services provided to obtain bed and board in hotels, boarding houses or other establishments providing temporary accommodation. (See also *id.* at 76.)

7. CLASS 44 — Medical services; veterinary services; hygienic and beauty care for human beings or animals; agriculture, horticulture and forestry services.

Explanatory Note: Class 44 includes mainly medical care, hygienic and beauty care given by persons or establishments to human beings and animals; it also includes services relating to the fields of agriculture, horticulture and forestry. (See also *id.* at 76.)

8. World Intellectual Property Organization, Geneva, 8th Edition, published in 2001 (January 2002).

9. *Rollo*, p. 76.

10. See *id.* at 21.

11. See Trademark Application Form; *id.* at 189.

12. CLASS 36 — Insurance; financial affairs; monetary affairs; real estate affairs.

Explanatory Note: Class 36 includes mainly services rendered in financial and monetary affairs and services rendered in relation to insurance contracts of all kinds. (See also *id.* at 77.)

13. See *id.* at 77.

14. *Id.* at 148-164. Docketed as IPC No. 14-2007-00084 and penned by BLA Director Estellita Beltran-Abelardo.

15. See *id.* at 163-164.

16. Not attached to the *rollo*.

17. *Rollo*, p. 315. Penned by BLA Director Nathaniel S. Arevalo.

18. Dated May 12, 2009. *Id.* at 177-184.
19. The provision is cited on pages 12-13 of this *ponencia*.
20. Entitled "AN ACT PRESCRIBING THE INTELLECTUAL PROPERTY CODE AND ESTABLISHING THE INTELLECTUAL PROPERTY OFFICE, PROVIDING FOR ITS POWERS AND FUNCTIONS, AND FOR OTHER PURPOSES" (January 1, 1998).
21. See *rollo*, pp. 180-183. See also *id.* at 76-78.
22. See Verified Answer dated October 23, 2009; *id.* at 317-334.
23. Dated April 3, 2008. *Id.* at 250.
24. Required by Section 124.2 of the IP Code and Rule 204 of the "Rules and Regulations on Trademarks, Service Marks, Trade Names, and Marked or Stamped Containers" or the "Trademark Regulations" as amended, approved on October 29, 1998.
25. See *rollo*, p. 325.
26. See *id.* at 325-326.
27. See *id.* at 326. See also *id.* at 78.
28. *Id.* at 758-767.
29. *Id.* at 766.
30. *Id.* at 767.
31. See Memorandum (Respondent-Appellant) dated August 7, 2013; *id.* at 509-533.
32. *Id.* at 168-175.
33. *Id.* at 175.
34. *Id.* at 172.
35. See *id.* at 172-173.
36. RULE 205. *Contents of the Declaration and Evidence of Actual Use.* —
 - (a) The declaration shall be under oath and filed by the applicant or registrant (or the authorized officer in case of a juridical entity) or the attorney or authorized representative of the applicant or registrant. The declaration must refer to only one application or registration, shall contain the name and address of the applicant or registrant declaring that the mark is in actual use in the Philippines, the list of goods or services where the mark is used, the name/s of the establishment and address where the products are being sold or where the services are being rendered. **If the**

goods or services are available only by online purchase, the website must be indicated on the form in lieu of name or address of the establishment or outlet. The applicant or registrant may include other facts to show that the mark described in the application or registration is actually being used in the Philippines. The date of first use shall not be required.

xxx xxx xxx (Emphasis supplied)

37. Entitled "AMENDMENT OF THE PROVISIONS ON DECLARATION OF ACTUAL USE OF THE TRADEMARK REGULATIONS" (April 5, 2013).
38. *Rollo*, p. 174.
39. Dated February 18, 2014. *Id.* at 89-140.
40. *Id.* at 70, 76-87.
41. See *id.* at 82.
42. *Id.* at 82-83.
43. *Id.* at 85-86.
44. See motion for reconsideration dated July 30, 2015; *id.* at 546-582.
45. *Id.* at 75, 71-73.
46. Section 121.1, Part III, RA 8293.

Section 38, paragraph 2 of RA 166, entitled "AN ACT TO PROVIDE FOR THE REGISTRATION AND PROTECTION OF TRADE-MARKS, TRADE-NAMES AND SERVICE-MARKS, DEFINING UNFAIR COMPETITION AND FALSE MARKING AND PROVIDING REMEDIES AGAINST THE SAME, AND FOR OTHER PURPOSES," otherwise known as "THE TRADEMARK LAW" (June 20, 1947), defines "trade-mark" as including "any word, name, symbol, emblem, sign or device or any combination thereof adopted and used by a manufacturer or merchant to identify his goods and distinguish them from those manufactured, sold or dealt in by others."

47. Mirpuri v. CA, 376 Phil. 628, 665 (1999).
48. Philip Morris, Inc. v. Fortune Tobacco Corporation, 526 Phil. 300, 310 (2006), citing Mishawaka Mfg. Co. v. Kresge Co., 316 U.S. 203, 53 USPQ (1942).
49. UFC Philippines, Inc. v. Barrio Fiesta Manufacturing Corporation, G.R. No. 198889, January 20, 2016, 781 SCRA 424, 456, citing Berries Agricultural Co., Inc. v. Abyadang, 647 Phil. 517, 533 (2010).
50. Mirpuri v. CA, *supra* note 47, at 645-646.

51. *Supra* not 49.

52. *Id.* at 525.

53. *Id.* at 526; emphasis and underscoring supplied.

54. Section 124.2. The 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 the application. **Otherwise**, the application shall be refused or **the mark shall be removed from the Register by the Director**. (Emphases and underscoring supplied)

55. Rule 204 of the Trademark Regulations reads:

RULE 204. *Declaration of Actual Use*. — The Office will not require any proof of use in commerce in the processing of trademark applications. However, without need of any notice from the Office, all applicants or registrants shall file a declaration of actual use of the mark with evidence to that effect within three years, without possibility of extension, from the filing date of the application. **Otherwise**, the application shall be refused or **the mark shall be removed from the register by the Director *motu proprio***. (Emphases and underscoring supplied)

See also Section 124.2 of the IP Code.

56. Section 151 of the IP Code reads:

Section 151. *Cancellation*. — 151.1. **A petition to cancel a registration of a mark under this Act may be filed with the Bureau of Legal Affairs** by any person who believes that he is or will be damaged by the registration of a mark under this Act as follows:

(a) Within five (5) years from the date of the registration of the mark under this Act.

(b) **At any time, if the registered mark** becomes the generic name for the goods or services, or a portion thereof, for which it is registered, **or has been abandoned**, or its registration was obtained fraudulently or contrary to the provisions of this Act, or if the registered mark is being 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. If the registered mark becomes the generic name for less than all of the goods or services for which it is registered, a petition to cancel the registration for only those goods or services may be filed. A registered mark shall not be deemed to be the generic name of goods or services solely because such mark is also used as a name of or to identify a unique product or service. The primary significance of the registered mark to the relevant public rather than purchaser motivation shall be the test for determining whether the registered mark has become the generic name of goods or services on or in connection with which it has been used.

(c) **At any time, if the registered owner of the mark without legitimate reason fails to use the mark within the Philippines, or to cause it to be used in the**

Philippines by virtue of a license during an uninterrupted period of three (3) years or longer. (Emphases supplied)

57. *Lim v. Equitable PCI Bank*, 724 Phil. 453, 454 (2014).

58. International Trademark Association, 2003 Europe Legislation Analysis Subcommittee Report, *What constitutes use of a registered trademark in the European Union (including New Member States)*, (May 2004).
<<http://www.inta.org/Advocacy/Documents/INTATrademarkUseEurope2004.pdf>>
(last visited October 25, 2017), provides, among others:

CTM laws recognize that use of a CTM must be genuine: the reason for this is 'that it is only the position on the market actually held by the trademark proprietor that should be protected, and not a mere register right that is not supported by any actual or potential goodwill. Furthermore, requiring use of a mark as a condition for enforcing rights will reduce the number of conflicts between marks and eventually also reduce the number of marks maintained on the register without actually having been used' (see. OHIM Opposition Guidelines, part VI, Guidelines on Proof of Use). (The CTM is the unified trademark registration system in Europe established under the EU; see p. 44 of the Article)

The article likewise provides the definition, interpretation, or understanding of "use" in the various jurisdictions in the European Union. For example: in Spain, its Trademark Act 17/2001 requires that the "use" should be effective and real, with "real use" being interpreted as a real, unequivocal, not disguised use (Decision of the Provincial Court of Barcelona, 24 March 1998), and an existing and true use, contrary to merely formal use whose sole purpose is to avoid revocation (Decision of the Provincial Court of Barcelona, 7 March 1995); while "effective use" "consists in the continuous and relevant introduction into the market of the goods or services bearing the mark, or advertisement as a serious step in the production or selling process of the product. Merely internal use, insignificant, economical use and occasional use are excluded" (Decision of the Provincial Court of Barcelona, 7 March 1995). (See pp. 37-38 of the Article).

In Germany, "use" under Section 26 (1) of MarkenG, German courts is understood as referring only to "serious use," with the German courts having developed a three (3)-element test, *i.e.*, the duration, the extent, and the kind of use, all of which are taken into account as objective criteria to establish use within the meaning of Section 26 MarkenG (cf. BGH GRUR 1980, 52 — Contiflex and BGH GRUR 1980, 289 — Trend). (See pp. 15-16 of the Article).

In the United Kingdom, whether there has been "use" of trademark requires the application of the "genuine use" test, *i.e.*, a factual test of intent to be satisfied through examination of the facts and not requiring commercial success (*Gerber Products Co. v. Gerber Foods International Ltd.* [2002] RPC 637). (See p. 43 of the Article).

In the Benelux Countries (Belgium, Netherlands, and Luxembourg), the "use" to effectively maintain the trademark rights, refers to "normal use," *i.e.*, the use must take place: with commercial intent; outside the company of the user; clearly related

to the products sold or offered by the user, which products are distinguished from the products of others through such use; and normal (Decision by the Benelux Court of Justice in *Winston v. Whiston* (BenCJ January 27, 1981, NJ 1981, 333, BIE 1981, p. 151). Whether use can be considered "normal" depends on the facts and circumstances of the case, *i.e.*, nature, scope, frequency, regularity and duration of the use; the nature of the goods; and the nature and size of the company; while "use" can be considered "commercial" if: a trademark or sign is used other than for merely scientific purposes, as part of a company's or a professional's activities, or any other activity not conducted in the private sphere; and if economic profit is intended with such use (See pp. 5-6 of the Article).

In France, the "use" to protect a trademark registration from cancellation, must be serious and regular, *i.e.*, use occurred with the trademark owner's consent or, in case of collective trademarks, in accordance with applicable statutes; use of the mark in a modified form which does not alter its distinctive character; and affixing the mark on products or their packaging solely for export (Article L.714-5 of the Intellectual Property Code). Their case law also provides the following requirements governing uses deemed serious and regular: the use must relate to products and services covered by registration; must consist of a public use, *i.e.*, not restricted to a strictly private use (Paris, 25 May 1989); cannot consist of a single use, but can take the form of a single advertisement (Versailles 27 May 1989); cannot be a sporadic or accidental use (TGI Paris, 28 Nov. 1990, Ritz PIBD 1991 III 207) nor consist of preparatory or purely experimental use, *i.e.*, small-scale product trials conducted in hospitals, where such products are not made available to patients as a whole (Regional Court of Paris, 16 December 1986, RPDI n° 10 p. 131); use is determined according to quality and not quantity (Paris, 18 February 1980); must be unambiguous, that is, trademark has to be used as a trademark and not as a tradename or business name; a trademark can be used by a licensee, or by anyone authorized by the legal trademark owner (Paris, 24 March 1998); the existence of a license agreement, in itself does not constitute evidence of serious and regular use of the trademark (CA Paris, 14 January 1998, Gaz.Pal. 1998, 2, som.544); the manufacture of trademarked labels in France to be affixed on items intended for export does not constitute a serious and regular use if the labels were not actually affixed on the products in France (*L'Oréal v. Loreen Paris*, CA Paris 4[4] B, 20 September 2002). (See pp. 13-14 of the Article).

59. Under the United States (U.S.) Trademark Law of 1946, as amended (or the Lanham Act), "use [of the mark] in commerce" is deemed as the "*bona fide* use of a mark in the ordinary course of trade," and, with particular reference to services, "when it is used or displayed in the sale or advertising of services and the services are rendered in commerce and the person rendering the services is engaged in commerce in connection with the services." The pertinent provision reads:

TITLE X — CONSTRUCTION AND DEFINITIONS

§45 (15 U.S.C. § 1127).

In the construction of this chapter, unless the contrary is plainly apparent from the context —

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Use in commerce. The term "**use in commerce**" means the *bonafide* use of a mark in **the ordinary course of trade**, and not made merely to reserve a right in a mark. For purposes of this chapter, a mark shall be **deemed to be in use in commerce** —

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(2) **on services when it is used or displayed in the sale or advertising of services and the services are rendered in commerce**, or the services are rendered in more than one State or in the United States and a foreign country and **the person rendering the services is engaged in commerce in connection with the services**. (Emphases supplied)

60. Section 7. *The Director General and Deputies Director General.* — 7.1. *Functions.* — The Director General shall exercise the following powers and functions:

a) Manage and direct all functions and activities of the Office, **including the promulgation of rules and regulations to implement the objectives, policies, plans, programs and projects of the Office**: *Provided*, That in the exercise of the authority to propose policies and standards in relation to the following: (1) the effective, efficient, and economical operations of the Office requiring statutory enactment; (2) coordination with other agencies of government in relation to the enforcement of intellectual property rights; (3) the recognition of attorneys, agents, or other persons representing applicants or other parties before the Office; and (4) the establishment of fees for the filing and processing of an application for a patent, utility model or industrial design or mark or a collective mark, geographic indication and other marks of ownership, and for all other services performed and materials furnished by the Office, the Director General shall be subject to the supervision of the Secretary of Trade and Industry[.]

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61. See *rollo*, pp. 51-55.

62. See Office Order No. 056-13, which states that "[t]his Office Order shall apply to all pending and registered marks."

63. See Rule 205 (c), items (2) and (3) of Office Order No. 056-13.

64. *Supra* note 47.

65. *Id.* at 649.

66. *Id.*; citing Maureen O'Rourke, *Fencing Cyberspace: Drawing Borders in a Virtual World*, *Minnesota Law Review*, vol. 82: 609-611, 615-618 [Feb. 1998].

67. *Id.* at 648-649.

68. *Rollo*, p. 82.

69. *Id.*

70. See also the Joint Recommendation Concerning Provisions on the Protection of Marks, and Other Industrial Property Rights in Signs, on the Internet (adopted by the Assembly of the Paris Union for the Protection of Industrial Property and the General Assembly of the World Intellectual Property Organization (WIPO) [September 24 to October 3, 2001]) which provides that use of the sign on the internet constitutes use within the Member State if such use produces commercial effect within that State (Article 2). To determine whether the use has produced commercial effect, the following factors can be considered: doing, or plans to do, business within the State; level and character of commercial activity within, *i.e.*, actually serving customers within or has entered into other commercially motivated relationships with persons within the Member State; connection of the offer of services with the Member State, *i.e.*, delivery of goods or services; prices are indicated in local currency; interactive contact accessible to internet users within the Member State; indication of an address, phone number, *etc.*; text used in conjunction with the use of the sign is in a language predominantly used within the Member State; and use of the sign in connection with a domain name (Article 3). <<http://www.wipo.int/edocs/pubdocs/en/marks/845/pub845.pdf>> (last visited October 25, 2017)

71. See Online Trademark Use. Particularly: European Union — *800-FLOWERS EU* [2000] FSR 697, affirmed [2001] EWCA Civ 721 (by the URC Munich, Decision of June 16, 2005, file no. 29 U 5456/04) (pp. 7-8); Hong Kong — applying the rulings in the United Kingdom cases of *800 Flowers Trade mark* [2000] FSR 697 and *Euromarket Designs, Inc. v. Peters* [2000] FSR 20 (pp. 10-11); Singapore — *Weir Warman Ltd. V. Research & Development Pty Ltd.* [2007] (2 SLR 1073) (pp. 19-20); Malaysia — "[i]f the website is intended to be used to seek worldwide trade with a view towards commercial gain x x x its activities fall squarely within the category of 'doing business over the internet' and may constitute for the purpose of trademark proceedings" (*Abercrombie & Fitch Co. v. Fashion Factory Outlet KL Sdn Bhd* [2008] 7 CLJ 413) (pp. 16-17); India — "'use' of a trademark as understood under Indian law may not necessarily be use upon or in physical relation to goods x x x to constitute use there is no requirement for the goods bearing the mark to be physically present and made available in India." (*Hardie Trading Ltd. v. Addison Paint and Chemicals Ltd.* reported in 2003 [27] PTC 241, decided on September 12, 2003) (p. 13); Korea — "[a]dvertisement over the internet may be regarded as use of the trademark if the requirements of Article 2 of the Korean Trademark Act x x x are satisfied, *i.e.*, indicating the trademark on advertisement, price lists, business papers, signboards or labels and displaying or distributing them." (p. 16); United Kingdom — *Euromarket Designs, Inc. v. Peter & Another* [2000] ETMR 1025, and *KK Sony Computer Entertainment v. Pacific Game Technology (Holding) Limited* [2006] EWHC 2509 (Pat.) (p. 22); Germany — "[t]he use of a trademark in the Internet can be considered as use of the trademark in Germany if that use has a commercial effect in Germany (German Court of Justice [BGH], published in GRUR 2005, 431, 432 'HOTEL MARITIME')" (p. 9); and France — "provided the website can be proven to be directed at French consumers" (Decision of French Supreme Court "*Cour de Cassation*" of January 11, 2005) (p.

9). <<http://www.inta.org/Advocacy/Documents/Online%20Trademark%20Use.pdf>> (last visited October 25, 2017).

See however, Canada: A brick-and-mortar presence in Canada is required for hotel services. Website advertising and even offering reservation services online, may be insufficient to maintain a TM registration for "hotel services" without an actual hotel presence in Canada. (*Bellagio Limousines v. Mirage Resorts, Inc.*, 2012 TMOB 220 and *Strikeman Elliott LLP v. Millennium & Copthorne International Limited*, 2017 TMOB 34). Performance of ancillary or other related services in Canada do not constitute the "performance" of "hotel services" in Canada (*Miller Thompson LLP v. Hilton <Worldwide Holding LLP*, 2017 TMOB 19). <http://www.bereskinparr.com/index.cfm?cm=Doc&ce=downloadPDF&primaryKey=913>> (last visited October 25, 2017).

72. See Sponsorship Speech of Senator Raul Roco; RECORD OF THE SENATE, Vol. II, No. 29, October 8, 1996, p. 128. See also Nicandro, Rogelio. *The Use of Prosecution History in Post-Grant Patent Proceedings*, pp. 5 and 9 (May 18, 2012) <<http://aippi.org/wp-content/uploads/committees/229/GR229philippines.pdf>> (visited October 28, 2017).

73. 329 F. ed 359 (4th Cir. 2003).

74. A domain name is defined as a "[u]nique address of a computer on the internet, made up of three parts: (1) name of the entity, followed by (2) type of the entity, followed by, if located outside the US, (3) entity's geographical location. Domain names provide an easy way to remember internet address which is translated into its numeric address (IP address) by the domain name system (DNS)." (See <<http://www.businessdictionary.com/definition/domain-name.html>> (visited October 25, 2017).

Each website has a domain name that serves as an address, which is used to access the website. <https://techterms.com/definition/domain_name> (visited October 25, 2017).

A domain name is a "unique identifier with a set of properties attached to it so that computers can perform conversions. A typical domain name is "icann.org." Most commonly the property attached is an IP address, like "208.77.188.103," so that computers can convert the domain name into an IP address. However the DNS is used for many other purposes. The domain name may also be a delegation, which transfers responsibility of all sub-domains within that domain to another entity." <<https://www.icann.org/resources/pages/glossary-2014-02-04-en>> (visited October 25, 2017).

Domain name registration pertains to the "act of reserving a name on the internet for a certain period, usually one year." <https://www.siteground.com/kb/domain_name_registration/> (visited October 25, 2017).

75. In particular, Starwood designates the contact number +80032525252 for the Philippines. See

<https://www.starwoodhotels.com/whotels/support/contact/worldwide.html?country=PH> (visited October 25, 2017).

76. In its website, when pointing to the language icon, a drop down box will appear which lists English, among others, as one of the language the Starwood website uses. See http://www.starwoodhotels.com/whotels/index.html?EM=DWR_WH_WHOTELS.PH (visited October 25, 2017).
77. See Article XIV, Section 7 of the 1987 Constitution.
78. In booking hotel reservations, the website offers clients the option to view accommodation rates and pay for the same according to the client's local currency through the "currency converter" icon. See <https://www.starwoodhotels.com/whotels/search/results/detail.html?brand=WH&country=HK&city=Hong+Kong&numberOfChildren=0&numberOfRooms=1&numberOfAdults=1&arrivalDate=2017-11-15&departureDate=2017-11-16¤cyCode=PHP> (visited October 25, 2017).
79. See *rollo*, p. 662.
80. The Nice Classification is a classification of goods and services for the purpose of registering trademarks and service marks, based on a multilateral treaty administered by the World Intellectual Property Organization. The Treaty is called the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks concluded in 1957. <http://www.wipo.int/treaties/en/classification/nice/> (visited October 25, 2017).

Class 43 of the Nice Classification also includes the following services: accommodation bureau services (hotels, boarding houses); bar services; boarding house services and bookings; boarding for animals; providing campground facilities; rentals of chairs, tables, table linen, glassware; rental of cooking apparatus; day-nursery services; rental of drinking water dispensers; food and drink catering; food sculpting; holiday camp services; rental of lighting apparatus; rental of meeting rooms; retirement home services; self-service restaurant services; snack-bar services; rental of temporary accommodation; temporary accommodation services; rental of tents; tourist homes services; and rental of transportable buildings. See Nice Classification, 11th Edition <http://web2.wipo.int/classifications/nice/nclpub/en/fr/home.xhtml> (visited October 25, 2017). See also *rollo*, p. 76.

81. See *Summit One Condominium Corp. v. Pollution Adjudication Board*, G.R. No. 215029, July 5, 2017.

(*W Land Holding, Inc. v. Starwood Hotels and Resorts Worldwide, Inc.*, G.R. No. 222366, (04 December 2017))