

## Free Speech and Trademark Rights - a Dichotomy

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### Introduction

Freedom of speech arguments have hardly been invoked in trademark infringement cases in Philippine jurisdiction, hence, there is a scarcity of criteria that may be applied by our courts for determining whether a freedom of speech argument is justified.

In the United States however, free speech arguments have been raised in numerous trademark infringement cases to avoid liability. The US Trademark Act contains a specific “free speech” type of provision dealing with trademark dilution. The Federal Trademark Dilution Act (“FTDA”), 15 U.S.C. 1125(c) and 1127, acknowledges First Amendment interests by providing that: “Noncommercial use of a mark [and] all forms of news reporting and news commentary” are not actionable under the FTDA. In this context, “noncommercial” means speech that “does more than propose a commercial transaction.” (*Mattel, Inc., v. MCA Records, Inc.*, 296 F.3d 894, 906 (9th Cir. 2002)). The fair use defense protects “the right of society at large to use words or images in their primary descriptive sense.”(*KP Permanent can Make-Up, Inc., v. Lasting Impression I, Inc.*, 125 S.Ct. 542, 551 U.S. Supreme Court, 2004).<sup>1</sup>

In the Philippines, there is a dearth of jurisprudence where free speech has been invoked in trademark litigation. However, in what perhaps may later be considered landmark, the Philippine Long Distance Telephone Co. (PLDT) filed a suit against Gerry Kaimo, registered owner of the "pldt.com" domain name. Kaimo was accused of allegedly infringing on the telephone company's trade name, and for engaging in unfair competition for using the trade name.

PLDT sought a temporary restraining order from the court to prevent Kaimo from further using the domain name. In its complaint, PLDT claimed that Kaimo and his advocacy group Philippine League for Democratic Telecommunications, Inc. (PLDTi) have violated the

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<sup>1</sup> [http://www.aippi-us.org/images/q188\\_usa.pdf](http://www.aippi-us.org/images/q188_usa.pdf)

company's intellectual property right for using the trade name, which it has been using for more than 70 years. Kaimo had registered that name with the US-based Network Solutions Inc. (NSI) and built a satirical website on it that attacked what he viewed as PLDT's poor service and monopolistic behavior. The website also took swipes at then President Joseph Estrada and other political and business figures. While PLDT charged him with trademark infringement, Kaimo portrayed the case as a battle for free speech. Ruling in favor of Kaimo, in an Order dated January 29, 2004, the Quezon City Regional Trial Court, Branch 90 denied the preliminary injunction sought by PLDT while the case was being decided. The case is yet to be fully resolved and is expected to reach the Highest Magistrate.<sup>2</sup>

Amidst this backdrop, this writer poses the question of whether or not it is viable to include free speech provisions in our existing trademark laws, without putting a premium to possible infringement or unfair competition.

The paramount question to be asked then is - should free speech as a constitutional guarantee be also institutionalized in our trademark laws having in mind the concepts of fair use and comparative commercial advertising or promotion to identify the competing goods, non-commercial use of source designation, and all forms of news reporting and news commentary as an exception to infringement and unfair competition?

### **Fair use and non-commercial use**

The primary motivation of our trademark law rests on a policy not of protecting a property right, but of protecting consumers from mistake and deception. Our trademark laws were put in place not so much as to simply favor a manufacturer in his ideas but more importantly, to prevent another from riding on the goodwill of a trademark thereby deceiving the consuming public to believe that such goods emanated from one source or origin when in fact, it came from another. If a mark causes confusion then it hurts the consumers. The property right protection that flows down to the manufacturer may be considered as an off-shoot and merely a motivating factor to develop quality goods or services.

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The evolution of trademark law in the Philippines is closely connected with the US trademark law. The Philippines being then a territory of the United States, adopted principles under the old Act 666 or the Trademark and Tradename Law of the Philippine Island, that were basically the same as the US Trademark Law. Philippine Courts then relied heavily on US jurisprudence. While developing its own peculiar course of jurisprudence, the Philippine courts continued, and will continue to rely on US jurisprudence.<sup>3</sup>

To the extent that the use of a trademark by one other than the registered owner is not commercial in nature, that is, he does not use the mark in the course of trade or commerce, would such use be considered as non-commercial use or fair use?

For instance, the use of brand names that are trademarks can make writing more realistic. Therefore, can an author use without permission trademarks such "Ford", "Hershey", and "Beanie Baby" in their work? Legal doctrine defines "fair use" of a trademark as the "reasonable and good faith use of a descriptive term that is another's trademark to describe rather than to identify the user's goods, services or business". The fair use defense if it is to be successful must meet the following requirements: (1) the author's use of the mark must accurately describe the trademark owner's product or service; (2) the author must use the mark in a non-trademark manner and not as a source identifier of the author's work; and (3) the author's use must be in good faith.<sup>4</sup>

The US Trademark Act of 1946, which codified select portions of the US common law on trademark and unfair competition, or the Lanham Act as it is more commonly known, itself provides for a defense of fair use when:

*...the use of the name, term, or device charged to be an infringement is a use, otherwise than as a mark, ... of a term or device which is descriptive of and used fairly and in good faith only to describe the goods or services of such party, or their geographic origin;*

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<sup>3</sup> Trademark Law in a Knotshell: From Caves to Cyberspace, Ferdinand M. Negre, [http://www.iplaw.ph/bnu2\\_ipnews\\_knotshell.asp](http://www.iplaw.ph/bnu2_ipnews_knotshell.asp).

<sup>4</sup> Fair Use of Trademarks, Lloyd L. Rich, <http://www.publaw.com/fairusetrade.html>

What this means in non-legal language is that a party is entitled to use a trademark in such a way as to describe the qualities that such a mark represents as long as the manner of use of the mark is not as a trademark but only in that descriptive sense.<sup>5</sup>

Our own Intellectual Property Code of the Philippines or RA 8293<sup>6</sup> recognizes “fair use” under Section 148 thereof, which states that:

*Registration of the mark shall not confer on the registered owner the right to preclude third parties from using bona fide their names, addresses, pseudonyms, a geographical name, or exact indications concerning the kind, quality, quantity, destination, value, place of origin, or time of production or of supply, of their goods or services; Provided, That such use is confined to the purposes of mere identification or information and cannot mislead the public as to the source of the goods or services.*

On the other hand, under Section 147.1 of RA 8293, “*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.*”

The foregoing provision underscores two main points, to wit: (1) the use of the mark by a third party not having the owner’s consent must be in the course of trade; and (2) such use of the trademark would result in a likelihood of confusion.

Meanwhile, considering the concept of commercial use, the United States Supreme Court held in *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 123 S. Ct. 2041, 2045, 2003, that: federal trademark law was intended to serve two primary purposes: (1) to protect consumers from deception; and (2) to prohibit the impairment of producers’ goodwill through such deceptive trade practices. It further held that the Lanham Act primarily exists to protect consumers from confusion in the marketplace caused by manufacturers’ false claims.

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<sup>5</sup> Fair Use of Trademarks, Ivan Hoffman, [http://www.ivanhoffman.com/band\\_names.html](http://www.ivanhoffman.com/band_names.html)

<sup>6</sup> Signed into law on 06 June 1997 by then President Fidel V. Ramos.

In the US case of *Bosley Medical Institute vs. Kremer*, No. 04-55962, 9th Cir. Apr. 4, 2005, the US Supreme Court held that:

Infringement claims are subject to a commercial use requirement. The infringement section of the Lanham Act, 15 U.S.C. § 1114, states that any person who “use[s] in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising 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 . . .” can be held liable for such use. 15 U.S.C. § 1114(1)(a). . . .The noncommercial use of a trademark as the domain name of a website — the subject of which is consumer commentary about the products and services represented by the mark — does not constitute infringement under the Lanham Act.”

Interestingly, the foregoing case may well be invoked in our own PLDT case, having in mind the alleged non-commercial use of the PLDT mark by PLDTi as a domain name.

### **A constitutionally guaranteed right**

Article III, Section 4 of the Philippine Constitution provides that “*No law shall be passed abridging the freedom of speech, of expression, or of the press, or the right of the people peaceably to assemble and petition the Government for redress of grievances.*”

Article XVI, Section 10, on the other hand provides that “*The State shall provide the policy environment for the full development of Filipino capability and the emergence of communication structures suitable to the needs and aspirations of the nation and the balanced flow of information into, out of, and across the country, in accordance with a policy that respects the freedom of speech and of the press.*”

From case law,<sup>7</sup> the Philippine Supreme Court held that “The constitutional guarantee of freedom of expression means that “the government has no power to restrict expression because of its message, its ideas, its subject matter, or its content.” The inhibition of speech should be upheld only if the expression falls within one of the few unprotected categories dealt with in *Chaplinsky v. New Hampshire*, thus:

“There are certain well-defined and narrowly limited classes of speech, the prevention and punishment of which have never been thought to raise any Constitutional problem. These include the lewd and obscene, the profane, the libelous, and the insulting or ‘fighting’ words, those which by their very utterance inflict injury or tend to incite an immediate breach of the peace. [S]uch utterances are no essential part of any exposition of ideas, and are of such slight social value as a step to truth that any benefit that may be derived from them is clearly outweighed by the social interest in order and morality.”

There are two aspects to freedom of expression: (1) freedom from previous restraint or censorship and (2) freedom from subsequent punishment. The first aspect is embodied in Section 4 of Article III of the Philippine Constitution. The second aspect is contained in Section 18 of the same Article, which reads as follows: “*No person shall be detained solely by reason of his political beliefs and aspirations.*”

Freedom of expression, traditionally understood, includes several other rights involved in effective communications like the freedoms of speech, of the press, of assembly, of petition, of religion, of association and of access to public information. It even encompasses the right to be silent, the right to listen and the right not to listen.<sup>8</sup>

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<sup>7</sup> *Social Weather Stations Inc., et.al. vs. COMELEC*, May 05, 2001

<sup>8</sup> An Emerging Paradigm of Free Expression, Address delivered by Supreme Court Justice Artemio V. Panganiban as keynote speaker during the Inaugural Research Forum of the Social Weather Stations (SWS) held on September 6, 2002

### Free speech- relevance in trademark litigation

Admittedly, there is a dearth of jurisprudence in the Philippines where free speech arguments have been raised as a defense in trademark infringement or unfair competition litigation.

Interestingly enough, there is no specific provision in Philippine trademark law which specifically concerns the admissibility of e.g.: - parody, satire or irony; artist's use of another's mark; using another's mark for the purposes of comparison, point of reference, description, identification or to convey information about the characteristics of defendant's own product.

Section 123 of RA 8293 enumerates the kinds of marks that may not be registered in the Philippines. This provision does not specifically address the above concerns. However, a mark may not be registered if it consists of immoral, deceptive or scandalous matter.<sup>9</sup> These definitions may be considered as directly relating to the issue of censorship where the Philippine Supreme Court on July 22, 1985, in its landmark decision in the *Kapit sa Patalim*<sup>10</sup> case, held that "The power to exercise prior restraint is not to be presumed, rather the presumption is against its validity....[C]ensorship, especially so if an entire production is banned, is allowable only under the clearest proof of a clear and present danger of a substantive evil to public safety, public morals, public health or any other legitimate public interest." However, this case pertained more to freedom of expression in the artistic medium of cinematography.

On the other hand, Section 121 of the same law defines a "mark" 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; while a "tradenname" is defined as the name or designation identifying or distinguishing an enterprise.*

Under these definitions, there may be no prohibition as to the use of a mark under the above stated circumstances, provided it is not being used as a "mark" or as a "tradenname", or not for profit or commercial purposes, in which case the claim for free speech becomes irrelevant.

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<sup>9</sup> Section 123.1 (a).

<sup>10</sup> Jose Antonio U. Gonzalez vs. Maria Kalaw Katigbak, G.R. No. L-69500 July 22, 1985

It must be noted, however, that statutory construction principle mandates that what the law prohibits to be done directly should not be done indirectly. As our trademark law requires that a mark cannot be registered if it is likely to mislead the public, particularly as to the nature, quality, characteristics or geographical origin of the goods or services,<sup>11</sup> then using another's mark for purposes of comparison, point of reference, description, identification or to convey information about the characteristics of defendant's own product may not be allowed regardless of claims as to free speech, if such use tends to mislead the public, particularly as to the nature, quality, characteristics or geographical origin of the goods or services.

In any event, Section 147.1 of the same law prohibits the use in the course of trade by a third party, without the owner's consent, a registered mark for identical/similar goods and where such use would result in a likelihood of confusion.

Free speech arguments in trademark litigation have yet to find their way or mark in Philippine jurisprudence, with the possible exception of the PLDT case which is yet to be fully resolved. Section 147.1 as above quoted may provide for the concept of "non-commercial use" insofar as the similar mark is not being used in the course of trade and such use would not result in a likelihood of confusion. As Philippine jurisprudence stands, freedom of speech arguments are mostly utilized in artistic expression or whenever the government is being challenged for curtailing civil liberties.

### **Should free speech interests be invoked in trademark litigation?**

As had been previously stated, freedom of expression, traditionally understood, includes several other rights involved in effective communications like the freedoms of speech, of the press, of assembly, of petition, of religion, of association and of access to public information.<sup>12</sup>

Free speech should be invoked in trademark litigation only insofar as it allows the defendant to effectively communicate his ideas without damaging the economic and moral rights of the plaintiff. More

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<sup>11</sup> Section 123.1 (g)

<sup>12</sup> *Supra* note 8.



importantly, the invocation of freedom of speech arguments should not be a means to merely ride upon the goodwill of an existing famous mark.

Again, the Philippine Supreme Court, in adopting US jurisprudence, has stated that: “There are certain well-defined and narrowly limited classes of speech, the prevention and punishment of which have never been thought to raise any Constitutional problem. These include the lewd and obscene, the profane, the libelous, and the insulting or ‘fighting’ words, those which by their very utterance inflict injury or tend to incite an immediate breach of the peace.”<sup>13</sup>

The Supreme Court has full discretion and has determined the validity of restrictions on the right to free speech by utilizing two alternative tests as devised by jurisprudence: (1) the *clear and present danger rule* and (2) the *dangerous tendency rule*. Within these frameworks, the Courts have had much discretion in deciding free speech concerns.

The Intellectual Property Code as it now stands enumerates what kinds of marks may not be registered. Section 123.1 is exhaustive in its relative and absolute prohibition. Should there be invocation of freedom of speech arguments in intellectual property cases, the Courts should be given substantial lee way in determining whether or not the same would hold water.

Paragraph (a) Section 123.1 of RA 8293 provides that “a mark cannot be registered if it consists of immoral, deceptive or scandalous matter which may disparage or falsely suggest a connection with persons, living or dead, institutions, beliefs or national symbols, or bring them into contempt or disrepute.” Meanwhile, paragraph (m,) of the same law provides that “a mark may not be registered if it is contrary to public order or morality.” These provisions may, by analogy, be utilised by the plaintiff in opposing the use of its mark under the above enumerated circumstances, i.e. criticism of another’s mark or derogatory reference to another’s mark.

Be that as it may, freedom of speech mandates that “censorship” is allowable only under the clearest proof of a clear and present danger of a substantive evil to public safety, public morals, public health or any other

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<sup>13</sup> *Chaplinsky v. New Hampshire as cited in Social Weather Stations Inc., et.al. vs. COMELEC*, May 05, 2001.

legitimate public interest. The Courts should be made the final arbiter of such issue.

Freedom of speech, although a fundamental civil right, is not absolute. The trademark law should not be too specific in expressly granting a right insofar as freedom of speech arguments is concerned. The constitution is sufficient in itself in protecting this civil liberty. The use of trademarks is by its nature economic in its thrust and the creativity of a manufacturer in identifying his goods in the minds of the consuming public should not be diluted by granting expressly the right to a new player to utilize an existing mark on the pretext of “freedom of speech”. As earlier stated, the Courts should be made the final arbiter, depending on the circumstances attendant to each case.

The purpose of our trademark laws is ultimately to protect the consuming public from being duped into buying goods bearing marks which they believe to have come from a certain source but were in reality manufactured by another. For as long as the public is not deceived as to the source or origin of the goods, then trademark laws have not been violated.

Nonetheless, fair use may be deemed included in Section 148 as above adverted to.

### **Libelous commentaries on famous trademarks**

Our criminal laws are sufficient to cover cases where there is intentional use of the marks to disparage such marks or bring it to ill repute. Our laws on libel and slander should instead apply. Where marks have become so popular that they become part of the public’s everyday language, the owners of such mark should not be so thin skinned as to consider every parody or biting remark about it as a form of tarnishment. The consuming public should be considered as having a modicum of intelligence as to know when a remark should be treated as a joke or should be taken seriously. As has been stated, the Courts should be made the final arbiter depending on the circumstances of each case.

Freedom of speech is not absolute; the general limits provided by jurisprudence on freedom of speech arguments under the constitution

should also apply to trademark infringement cases. The courts should strike a balance between the rights of the registered owner to the mark and the public's right to express themselves freely by using ordinary/common words. The "likelihood of confusion" test should first be satisfied. If the use of the mark by the defendant of itself does not intentionally try to deceive the public as to the source or origin of the goods or services then "freedom of speech" arguments may then be applied. Civil liberty rights should not be utilised to expediently circumvent trademark laws, thereby damaging economic rights of a registered mark owner, particularly where the mark is very well-known, and riding on its goodwill would be very viable economically.

There must be a greater public interest that will be served when such right to freedom of speech is being invoked, and not only to allow the defendant to gain economic benefit, although such gain should not also preclude "freedom of speech" arguments if they really exist, and are valid.

There is yet to be a case in Philippine jurisprudence specifically invoking freedom of speech in trademark cases. However, as a matter of current reality, comparison of one brand to another is usually done in advertising or promotional gimmicks using only subtle hints to identify the other hidden brand.

## Conclusion

Freedom of speech arguments, in the hands of enterprising individuals may be a tool to circumvent Philippine trademark laws. The person who has identified in the minds of the public the goods he manufactures or deals in, his business or services from those of others, whether or not a registered mark is employed, has a property right in the goodwill of said goods, business or services so identified, which will be protected in the same manner as other property rights.<sup>14</sup> More so, when such goods are being sold to consumers, regardless if it is indicated that the goods are not original, in which case the defendant would only be liable for trademark infringement and not for unfair competition. In the case of *MCDonald's Corporation and MCGeorge Food Industries, Inc.*

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<sup>14</sup> Sec. 168.1, RA 8293.

vs. *L.C. Big Mak Burger, Inc., et.al*, GR No. 143993, 18 August 2000, the Supreme Court held that:

“Had respondents’ placed a notice on their plastic wrappers and bags that the hamburgers are sold by “LC Big Mak Burger, Inc.” then they could validly claim that they did not intend to deceive the public. In such case, there is only trademark infringement but no unfair competition. Respondents, however, did not give such notice. We hold that as found by the RTC, respondent corporation is liable for unfair competition.”

In the United States, the significant factors that have emerged in determining whether to apply the noncommercial use exemption have been summarized by one commentator: (1) the nature of the parody or satire, that is, whether it involves (a) speech on a matter of public concern or (b) offensive or illicit subject matter (the so-called sleaze factor); (2) whether the plaintiff’s mark is directly targeted or used to lampoon a third party, that is, whether the use is (a) a parody or (b) a satire; and (3) whether the parody or satire appears (a) in traditional medium of expression, such as a magazine, movie, or song or (b) on a product.

Indeed, the analysis used by the Ninth Circuit Court of Appeals in *Mattel Inc., v. MCA Records, Inc.*, 296 F.3d 894, 906 (9th Cir. 2002)(*J. Kozinski*), in finding that a parody of BARBIE was not a violation under the FTDA, arguably provides a roadmap that courts may follow in applying the FTDA to parody and satire cases and the promise of consistency without the need for further legislative changes.<sup>15</sup>

In the *Mattel* case, [t]he 9th Circuit confronted two new legal issues. First, it appeared to fashion a different test for trademark infringement claims involving marks that have become part of the public vocabulary. Second, it resolved a statutory conundrum in the Federal Trademark Dilution Act over the "noncommercial use" exception.

In 1997, the Danish band Aqua exploded onto the music scene with MCA Records' release of its "Barbie Girl" single and related album. In the

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<sup>15</sup> *cf.*, M. Cantwell, *Confusion, Dilution and Speech: First Amendment Limitations on the Trademark Estate: An Update*, 94 Trademark Rep. 547, 579 (2004).

song, one band member impersonates Barbie with a high-pitched, doll-like voice.

The lyrics poke fun at Barbie and the values that Aqua claims Barbie represents: "Life in plastic, it's fantastic. You can brush my hair, undress me everywhere/Imagination, life is your creation," and "I'm a blond bimbo girl, in a fantasy world/Dress me up, make it tight, I'm your dolly." Mattel was not pleased and sued for trademark infringement and dilution.

The court determined that the word "Barbie" in the song title clearly has artistic relevance to the underlying song. The title tells consumers what to expect in the song - a song about Barbie, or a girl like Barbie, and the values that Barbie supposedly represents. The court observed that consumers would not expect the "Barbie Girl" title to identify Mattel as the source of the song. Another significant factor was the song's use of "Barbie" to poke fun at Barbie herself rather than to parody another subject.

To determine whether "Barbie Girl" fell within the exemption, the 9th Circuit looked to its definition of "commercial speech" in First Amendment case law and to its decision in actor Dustin Hoffman's lawsuit against a magazine for publishing a digitally altered image of his "Tootsie" film character. (*Hoffman v. Capital Cities/ABC Inc.*, 255 F.3d 1180 9<sup>th</sup> Cir. 2001)

In Hoffman, the 9th Circuit defined commercial speech as that which does "no more than propose a commercial transaction"; speech that does something else besides proposing a commercial transaction (such as parody, satire or editorial comment) is not "purely commercial" and is entitled to full First Amendment protection.

The 9th Circuit applied its "Tootsie" holding to Barbie. While MCA used Barbie's name to sell copies of "Barbie Girl," a commercial purpose, the court found that the song's parody of the Barbie image and its social commentary is protected speech. Therefore, the song falls within the "noncommercial use" exemption, and there is no trademark dilutio[n].<sup>16</sup>

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<sup>16</sup> Free Speech Trumps Mattel's Trademark Right in Plastic Doll, Los Angeles Daily Journal, October 02, 2002, [http://www.foley.com/publications/pub\\_detail.aspx?pubid=1697](http://www.foley.com/publications/pub_detail.aspx?pubid=1697).

Judge Leval, in discussing the Mattel case and the FTDA, stated that: "It is important that courts take seriously their delegated duty to interpret the Act. They must follow Judge Kozinski's bold model, employing 'fair use' limitations to protect free expression."<sup>17</sup>

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<sup>17</sup> P. Leval, *Trademark: Champion of FreeSpeech*, 27 Colum. J.L. & Arts 187 (2004), as cited in the 2005 US Trademark Dilution Revision Act of 2005 Hearing Before the Subcommittee on Courts, the Internet, and the Intellectual Property, February 17, 2005.