



The Legal 500 & The In-House Lawyer  
Comparative Legal Guide  
Philippines: Intellectual Property

This country-specific Q&A provides an overview to intellectual property law in [Philippines](#).

It will cover intellectual property rights, licensing, enforcement, establishing infringement or liability, and challenges to intellectual property.

This Q&A is part of the global guide to Intellectual Property. For a full list of jurisdictional Q&As visit <http://www.inhouselawyer.co.uk/index.php/practice-areas/intellectual-property/>



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**1. What different types of intellectual property rights exist in this jurisdiction to protect?**

**(a) Inventions (e.g. patents, supplementary protection certificates, rights in confidential information and/or know-how);**

The intellectual property rights available to protect inventions include patents and utility models.

Patentable inventions involve any technical solution of a problem in any field of human

activity which is new, involves an inventive step, and is industrially applicable.

A utility model is similar to a patent in that the technical solution must be new and industrially applicable, but need not involve an inventive step.

**(b) Brands (e.g. trade marks, cause of action in passing off, rights to prevent unfair competition, association marks, certification marks, hallmarks, designations of origin, geographical indications, traditional speciality guarantees);**

The intellectual property rights available to protect brands include trademarks, service marks and geographical indications.

A trademark is any visible sign capable of distinguishing goods while a service mark is any such mark capable of distinguishing services.

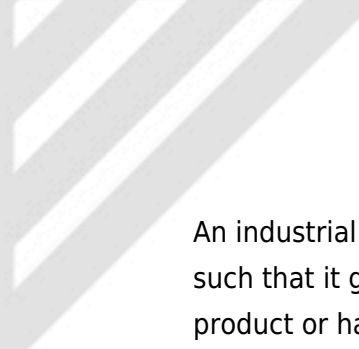
Brands, once registered as trademarks, may give rise to a cause of action for trademark infringement. Goodwill over brands, whether registered as a trademark or not, may be protected by filing a case for unfair competition.

Internationally well-known marks, whether registered as trademarks in the Philippines or not, are also entitled to protection.

**(c) Other creations, technology and proprietary interests (e.g. copyright, design rights, semiconductor topography rights, plant varieties, database rights, rights in confidential information and/or know-how).**

Other intellectual property rights include copyright, industrial design, and layout-designs of integrated circuits.

A copyright is the protection given to a creator of original works and derivative works. Original works include literary and artistic works. Derivative works include dramatizations, translations, adaptations, abridgments, arrangements, other alterations of literary or artistic works, collections of literary, scholarly or artistic works, and compilations of data and other materials which are original by reason of their selection or content arrangement.



An industrial design is any composition of lines or colors or any three-dimensional form, such that it gives a special appearance to and can serve as a pattern for an industrial product or handicraft.

A layout design of an integrated circuit is the three-dimensional disposition of the elements, at least one of which is an active element, and of some or all of the interconnections of an integrated circuit, or such three-dimensional disposition prepared for an integrated circuit intended for manufacture. An integrated circuit is a product in its final or intermediate form in which at least one of its elements is an active element, and some or all of the interconnections are integrally formed in and/or on a piece of material, and which is intended to perform an electronic function.

Undisclosed information or trade secrets may be protected under different Philippine laws and through confidentiality agreements between parties.

**2. What is the duration of each of these intellectual property rights? What procedures exist to extend the life of registered rights in appropriate circumstances?**

The term of a patent shall be twenty (20) years from the date of filing of the application, but is subject to the payment of annual fees in order to maintain the patent application/patent. It is not subject to extension.

The term of a utility model shall be seven (7) years, without any possibility of renewal, after the date of filing of the application.

The certificate of registration of a trademark shall remain in force for ten (10) years, provided that the registrant shall file a declaration of actual use within one (1) year from the fifth (5th) anniversary of the date of the registration of the mark. Such certificate of registration may be renewed for periods of ten (10) years at its expiration.

A copyright covering original and derivative works shall be protected during the life of the author and for fifty (50) years after his death. This rule also applies to posthumous works. In case of work under joint authorship, the protection shall be during the life of the last surviving author and for fifty (50) years after his death. In case of anonymous or

pseudonymous works, the copyright shall be protected for fifty (50) years from the date of the first lawful publication of the work. In case of works of applied art, the protection shall be for twenty-five (25) years from the date of making. In case of photographic works, the protection shall be for fifty (50) years from publication, if published, and fifty (50) years from the making if unpublished. In case of audio visual works, the term shall be fifty (50) years from the date of publication, if published, and fifty (50) years from the making if unpublished.

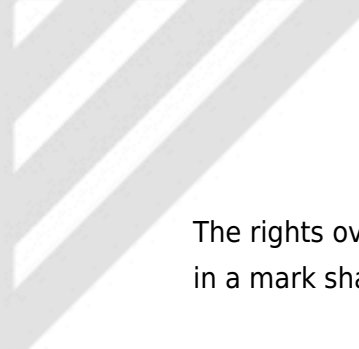
The registration of an industrial design shall be for a period of five (5) years from the filing of the application, and may be renewed for not more than two (2) consecutive periods of five (5) years each.

The registration of a layout design shall be for ten (10) years, without possibility of renewal, and shall be counted from the commencement of the protection, which shall be on the first commercial exploitation, anywhere in the world, of the layout design by or with consent of the holder, or on the filing date accorded to the application if the layout design has not been exploited commercially anywhere in the world.

### **3. Who is the first owner of each of these intellectual property rights and is this different for rights created in the course of employment or under a commission?**

The right to a patent belongs to the inventor, his heirs, or assigns. If two (2) or more persons jointly made an invention, the right to a patent shall belong to them jointly. If two (2) or more persons made the invention separately and independently of each other, the right to the patent shall belong to the person who first filed an application for the invention. If the invention is created pursuant to a commission, the person who commissions the work shall own the patent, unless otherwise provided in the contract. If the invention was created in the course of employment, the patent shall belong to the employee if the inventive activity was not part of his regular duties even if he uses the time, facilities, and materials of the employer, and to the employer if the invention is a result of the performance of the employee's regular duties unless there is an agreement to the contrary.

The same rules above apply to utility models, industrial designs, and layout designs of integrated circuits.



The rights over a trademark are acquired by one who registers the trademark. The rights in a mark shall be acquired through a valid registration.

The rights over a copyright are conferred upon creation. The copyright shall belong to the author of the work. In case of works of joint authorship and in the absence of agreement, their rights shall be governed by the rules on co-ownership. If, however, a work of joint authorship can be used separately and the author of each part can be identified, the authors shall own their separate parts. In case the work is created in the course of employment, the copyright shall belong to the employee if the creation of the work is not part of his regular duties and to the employer if the work is a result of the performance of his regular duties. In case of work done under commission, the person who commissioned the work shall have ownership of the work but the copyright thereto shall remain with the creator, unless there is a written stipulation to the contrary.


**4. Which of the intellectual property rights described in questions 1-3 are registered?**

The registered rights among the intellectual property rights described above are patents, industrial designs, utility models, layout designs of integrated circuits, trademarks, and copyrights.

**5. Who can apply for registration of these intellectual property rights and, briefly, what is the procedure for registration?**

The inventor or the assignee may file for a patent to protect his work. The procedure for registration involves the filing of the application, accordance of the filing date, formality examination, classification and search, publication of the application, substantive examination, grant of the patent, publication of said grant, and issuance of the certificate.

As regards utility models, industrial designs, and layouts of integrated circuits, the procedure involves the filing of the application, accordance of the filing date, formality examination, classification, grant of the registration, and publication of said registration. The designer/creator or the assignee may file the application for registration of the foregoing intellectual property rights.

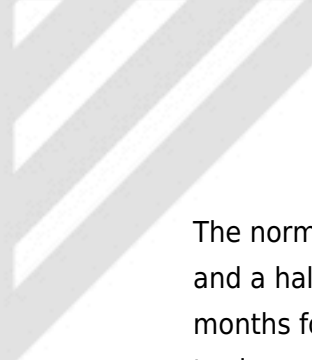


The applicant for a trademark may be a natural or juridical person. The procedure involves the filing of an application, search and examination, issuance of registrability report, response, recommendation for allowance, publication of such allowance, issuance of the certificate of registration.

While copyright subsists and is protected from the moment of creation, the author or creator of the work, his heirs, or assignees, may also apply for a certificate of copyright registration and deposit. The application may be filed directly with the National Library of the Philippines (“National Library”) or with the Philippine Intellectual Property Office (“IPO”) as the receiving office, the latter being deputized by the National Library as such. In applying for copyright registration and deposit, the applicant or his local authorized agent (if the applicant is non-resident foreigner) must submit the following:

1. Duly accomplished application form. The application form must be notarized and accomplished in duplicate;
2. Two (2) copies of the work as deposit;
3. Technical description of the design, if the work applied for registration is an original ornamental design;
4. Two (2) printed copies with copyright notice printed in front or at the back of the title page if it is a book and on any clear space thereof if non-book material, if the work applied for registration is published work;
5. Two (2) manuscript and/or photocopies of the work without the copyright notice shall accompany the application, if the work applied for registration is unpublished work;
6. A special power of attorney in favor of the local agent appointing the latter to complete the copyright application on behalf of the applicant, if the applicant is a non-resident foreigner;
7. A document supporting the claim such as a deed of assignment or a waiver of copyright ownership, if the claimant is not the author; and
8. A photocopy of the certificate of business name, if the applicant is a proprietor or a corporation

## **6. How long does the registration procedure usually take?**



The normal registration usually takes three to four (3 to 4) years for patents, one to one and a half (1 to 1.5) years for utility models and industrial designs, six to eight (6 to 8) months for layouts of integrated circuits, eight to eighteen (8 to 18) months for trademarks, and one to two (1 to 2) months for copyrights.

**7. Do third parties have the right to take part in or comment on the registration process?**

Third parties may present observations in writing concerning the patentability of the invention subject of the application. Such observations shall be communicated to the applicant who may comment on them.

As to utility models and industrial designs, any person may present written adverse information concerning the registrability of the utility model or industrial design, including matters pertaining to novelty and industrial applicability while citing relevant prior art, within thirty (30) days from the date of publication of the application.

As regards trademarks, any person who believes that he would be damaged by the registration of a mark may, upon payment of the required fee and within thirty (30) days after the first publication, file an opposition to the application.

There is no similar proceeding allowing third parties to take part in or comment on a deposit of copyright.

**8. What (if any) steps can the applicant take if registration is refused?**

If an application for a patent is refused, the applicant may appeal to the Director of the Bureau of Patents within two (2) months from the mailing date of the final refusal. The decision of the Director granting the patent shall be immediately final and executory. However, if the decision of the Director is to refuse the patent, such decision shall be appealable to the Director General within thirty (30) days from the receipt of the Director's decision. The decision of the Director General allowing the application shall be immediately final and executory. However, if the decision of the Director General is to deny the application, such decision shall be appealable to the Court of Appeals. The

same procedure applies to utility models and industrial designs.

If an application for a trademark is refused, the applicant may appeal such refusal to the Director within two (2) months from the mailing date of the action appealed from. The decision of the Director shall become final and executory thirty (30) days after receipt of a copy thereof by the appellant unless within the same period, a motion for reconsideration is filed with the Bureau Director or an appeal to the Director General has been perfected. The decision of the Director General shall be final and executory fifteen (15) days after receipt of a copy thereof by the parties unless appealed to the Court of Appeals.

#### **9. What are the current application and renewal fees for each of these intellectual property rights?**

The current filing fees are Four Thousand Three Hundred Twenty Philippine Pesos (P4,320.00) [approximately Ninety Six United States Dollars (US\$96.00)] for patents, Three Thousand Six Hundred Philippine Pesos (P3,600.00) [approximately Eighty United States Dollars (US\$80.00)] for utility models and industrial designs, Two Thousand Five Hundred Ninety Two Philippine Pesos (P2,592.00) [approximately Fifty Eight United States Dollars (US\$58.00)] per class for trademarks, and Six Hundred Twenty Five Philippine Pesos (P625.00) [approximately Fourteen United States Dollars (US\$14.00)] for copyright deposit.

Patents cannot be renewed, but are subject to annual fees beginning the expiration of the fourth (4th) year from publication. The basic fees for the annuities range from Three Thousand Two Hundred Forty Philippine Pesos (P3,240.00) [approximately Seventy Two United States Dollars (US\$72.00)] to Sixty Five Thousand One Hundred Sixty Philippine Pesos (P65,160.00) [approximately One Thousand Four Hundred Forty Eight United States Dollars (US\$1,448.00)] depending on the number of years from publication. There is an additional government fee of Four Hundred Twenty Four and 20/100 Philippine Pesos (P424.20) [approximately Nine and 43/100 United States Dollars (US\$9.43)] per claim in excess of five (5) for the annual fees for the 5th to the 20th year.

The renewal fee for an industrial design is Two Thousand One Hundred Sixty Philippine Pesos (P2,160.00) [approximately Forty Eight United States Dollars (US\$48.00)] for the first extension and Four Thousand Three Hundred Twenty Philippine Pesos (P4,320.00)



[approximately Ninety Six United States Dollars (US\$96.00)] for the second extension of term.

The renewal fee for a trademark is Six Thousand Six Hundred Philippine Pesos (P6,600.00) [approximately One Hundred Forty Six and 66/100 United States Dollars (US\$146.66)] per class.

All fees above are subject to one percent (1%) legal research fee.

If the applicant qualifies as a small entity, i.e., an entity with assets not exceeding One Hundred Million Philippine Pesos (P100,000,000.00) [approximately Two Million Two Hundred Twenty Two Thousand Two Hundred Two and 22/100 United States Dollars (US\$2, 222,222.22)], it will be entitled to a fifty percent (50%) discount in the government filing fees prescribed by the IPO.

10. **What are the consequences of a failure to pay any renewal fees and what (if any) steps can be taken to remedy a failure to pay renewal fees?**

Failure to pay the annual fees for patents within the grace period of six (6) months from the publication of the notice of non-payment shall result in the withdrawal of the application or the lapse of the patent, without possibility of revival.

The renewal fee for industrial designs shall be paid within twelve (12) months preceding the expiration of the period of registration. A grace period of six (6) months shall be granted for payment of the fees after such expiration, upon payment of surcharge. Failure to renew shall result in the lapse of the industrial design registration.

The request for renewal for trademarks shall be made any time within six (6) months before the expiration of the period for which the registration was issued or renewed, or within six (6) months after such expiration on payment of the additional fee prescribed by the rules. Otherwise, the trademark registration will be deemed lapsed.

## **What are the requirements to assign ownership of each of the intellectual property rights described in questions 1-3?**

The assignment of a patent and the invention covered thereby may be of the entire right, title or interest, or of an undivided share of the entire patent and invention, in which event the parties become joint owners thereof. An assignment may be limited to a specified territory. To effect the recordal of the assignment with the IPO, a request for recordal must be filed with the IPO together with a certified true copy of the assignment. The assignment must be in writing, acknowledged before a notary public or other officer authorized to administer oaths or perform notarial acts, and certified under the hand and official seal of the notary or such other officer. The same rules apply to the assignment of utility models and industrial designs.

An application for registration of a trademark or its registration may be assigned or transferred with or without the transfer of the business using the mark. The assignment shall be in writing and requires the signatures of the contracting parties. To effect the recordal of the assignment with the IPO, a request for recordal must be filed with the IPO together with a certified true copy of the assignment document.

A copyright may be assigned in whole or in part. The copyright is not deemed assigned inter vivos in whole or in part unless there is a written indication of such intention.

### **12. Is there a requirement to register an assignment of any of these intellectual property rights and, if so, what is the consequence of failing to register?**

The IPO shall record assignments, licenses and other instruments relating to the transmission of any right, title or interest in and to inventions, and patents or applications for patents or inventions to which they relate, which are presented in due form to the IPO for registration. Such instruments shall be void as against any subsequent purchaser or mortgagee for valuable consideration and without notice, unless so recorded in the IPO, within three (3) months from the date of said instrument, or prior to the subsequent purchase or mortgage. The same rules apply to utility models and industrial designs.

11.

Assignments and transfers of registrations of trademarks shall be recorded with the IPO upon payment of the prescribed fee. Assignments and transfers not so recorded shall have no effect against third parties.

13. **What are the requirements to licence a third party to use each of the intellectual property rights described in questions 1-3?**

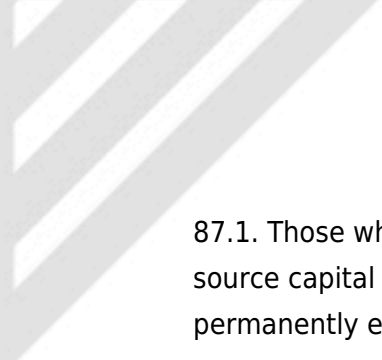
**Licensing for Patents, Industrial Design and Lay-out design**

There are two ways to license patents, industrial designs and lay-out designs to a third party in the Philippines, namely, through (a) voluntary licensing and (b) compulsory licensing.

Voluntary licensing encourages the transfer and dissemination of technology while preventing or controlling the practices and conditions that would constitute an abuse of intellectual property rights. It is mandatory for all voluntary license contracts to contain the following provisions: (a) that the laws of the Philippines shall govern the interpretation of the contract and in the event of litigation, the venue shall be the proper court where the licensee has its principal office; (b) that continued access to improvements in techniques and processes related to the technology shall be made available during the period of the technology transfer arrangement; (c) that should the technology transfer arrangement provide for arbitration, the Procedure of Arbitration of the Arbitration Law of the Philippines or the Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL) or the Rules of Conciliation and Arbitration of the International Chamber of Commerce shall apply and the venue of the arbitration shall be the Philippines or any neutral country; and (d) that Philippine taxes on all payments relating to the technology transfer arrangement shall be borne by the licensor.

Voluntary license agreements should also not contain the following prohibited clauses under Section 87 of IP Code:

*“Section 87. Prohibited Clauses. - Except in cases under Section 91, the following provisions shall be deemed prima facie to have an adverse effect on competition and trade:*



87.1. Those which impose upon the licensee the obligation to acquire from a specific source capital goods, intermediate products, raw materials, and other technologies, or of permanently employing personnel indicated by the licensor;

87.2. Those pursuant to which the licensor reserves the right to fix the sale or resale prices of the products manufactured on the basis of the license;

87.3. Those that contain restrictions regarding the volume and structure of production;

87.4. Those that prohibit the use of competitive technologies in a non-exclusive technology transfer agreement;

87.5. Those that establish a full or partial purchase option in favor of the licensor;

87.6. Those that obligate the licensee to transfer for free to the licensor the inventions or improvements that may be obtained through the use of the licensed technology;

87.7. Those that require payment of royalties to the owners of patents for patents which are not used;

87.8. Those that prohibit the licensee to export the licensed product unless justified for the protection of the legitimate interest of the licensor such as exports to countries where exclusive licenses to manufacture and/or distribute the licensed product(s) have already been granted;

87.9. Those which restrict the use of the technology supplied after the expiration of the technology transfer arrangement, except in cases of early termination of the technology transfer arrangement due to reason(s) attributable to the licensee;

87.10. Those which require payments for patents and other industrial property rights after their expiration, termination arrangement;

87.11. Those which require that the technology recipient shall not contest the validity of any of the patents of the technology supplier;

87.12. Those which restrict the research and development activities of the licensee designed to absorb and adapt the transferred technology to local conditions or to initiate research and development programs in connection with new products, processes or equipment;

87.13. Those which prevent the licensee from adapting the imported technology to local conditions, or introducing innovation to it, as long as it does not impair the quality standards prescribed by the licensor;

87.14. Those which exempt the licensor for liability for non-fulfilment of his responsibilities under the technology transfer arrangement and/or liability arising from third party suits brought about by the use of the licensed product or the licensed technology; and

87.15. Other clauses with equivalent effects.”

Under compulsory licensing, the Director General of the IPO may grant a license to exploit a patented invention, even without the agreement of the patent owner, in favor of a third person who has shown his capacity to exploit such invention. Compulsory license may only be granted after the petitioner has made efforts to obtain authorization from the patent owner on reasonable commercial terms and conditions but such efforts have not been successful within a reasonable period of time. A compulsory license may be granted, even without efforts to obtain license on reasonable commercial terms, on the following grounds: (a) national emergency or other circumstances of the extreme urgency; (b) where the public interest, in particular, national security, nutrition, health or the development of other vital sectors of the national economy as determined by the appropriate agency of the Government, so requires; (c) where a judicial or administrative body has determined that the manner of exploitation by the owner of the patent or his licensee is anti-competitive; (d) in case of public non-commercial use of the patent by the patentee, without satisfactory reason; (e) if the patented invention is not being worked in the Philippines on a commercial scale, although capable of being worked, without satisfactory reason; or (f) where the demand for patented drugs and medicines is not being met to an adequate extent and on reasonable terms, as determined by the Secretary of the Department of Health.

The IP Code likewise grants special compulsory licenses to the following: (a) special

compulsory license under the TRIPS Agreement upon written recommendation of the Secretary of the Department of Health and upon filing of a petition; (b) compulsory license of patents involving semi-conductor technology in case of public non-commercial use or to remedy a practice judicially or administratively determined to be anti-competitive; and (c) compulsory license based on interdependence of patents where it may be granted to the owner of the second patent to the extent necessary for the working of his invention so long as the second patent involves an important technical advancement of considerable economic significance in relation to the first patent and that the owner of the first patent is entitled to a cross-license on reasonable terms to use the invention claimed in the second patent.

### **Licensing for Trademarks, Service Marks and Tradenames**

Any license contract concerning the registration of a mark, or an application therefor, shall provide for effective control by the licensor of the quality of the goods or services of the licensee in connection with which the mark is used. Otherwise, the license contract shall be invalid.

A license contract shall be submitted to the IPO's Documentation, Information and Technology Transfer Bureau ("DITTB") which shall keep its contents confidential but shall record it and publish a reference thereto. It shall have no effect against third parties until such recording is effected. However, it shall be recorded only upon certification by the DITTB Director that the agreement does not contain any of the prohibited clauses and complies with all the mandatory provisions in Sections 87 and 88 of the IP Code, respectively.

Section 4.3 of the IP Code defines "technology transfer arrangements" as "contracts or agreements involving the transfer of systematic knowledge for the manufacture of a product, the application of a process, or rendering of a service including management contracts; and the transfer, assignment or licensing of all forms of intellectual property rights, including licensing of computer software except computer software developed for mass market."

Generally, registration of a technology transfer arrangement with the IPO is not required, provided that it does not contain any of the prohibited clauses enumerated in Section 87 of the IP Code and it contains the mandatory provisions enumerated in Section 88 thereof. However, if the technology transfer arrangement does not comply with Sections

87 and/or 88 of the IP Code, the technology transfer arrangement must be registered with the DITTB. Otherwise, the agreement shall be unenforceable (Section 92, IP Code) unless a request for exemption from the provisions of Sections 87 and 88 is filed with the DITTB.

Unenforceability, in this context, has been interpreted to mean that neither party will be allowed to have any legal recourse against the other in court in case of breach of contract. Under the Civil Code of the Philippines, contracts deemed “unenforceable” are considered valid and binding as between the parties who entered into it. However, in case there is a breach of the contract, neither party can go to court to enforce the contract’s terms. Further, the Civil Code provides that an unenforceable contract is valid between the contracting parties, but may not be invoked against third persons.

The registration of a collective mark or an application therefor shall not be the subject of a license contract.

### **Licensing for Copyright**

A copyright may be licensed in whole or in part. The copyright is not deemed licensed inter vivos in whole or in part unless there is a written indication of such intention. The submission of a literary, photographic or artistic work to a newspaper, magazine or periodical for publication shall constitute only a license to make a single publication unless a greater right is expressly granted. If two (2) or more persons jointly own a copyright or any part thereof, neither of the owners shall be entitled to grant licenses without the prior written consent of the other owner or owners. Any exclusivity in the economic rights in a work may be exclusively licensed.

#### **14. Is there a requirement to register a licence of any of these intellectual property rights and, if so, what is the consequence of failing to register?**

As a general rule, voluntary license contracts or technology transfer arrangements that do not contain any of the prohibited provisions under Section 87 of the IP Code and which comply with the mandatory provisions in Section 88 need not be registered with the DITTB of the IPO. However, non-compliance with the said provisions would render the agreement unenforceable unless approved and registered by the DITTB by way of requesting for an exemption from the provisions of Sections 87 and 88. The DITTB, upon

evaluation thereof on a case by case basis, may allow an exemption from the mentioned requirements in exceptional or meritorious cases where substantial benefits will accrue to the economy, such as high technology content, increase in foreign exchange earnings, employment generation, regional dispersal of industries and/or substitution with or use of local raw materials, or in the case of Board of Investments, registered companies with pioneer status.

Licenses over registrations of trademarks shall be recorded with the Bureau of Trademark of the IPO upon payment of the prescribed fee. Licenses not so recorded shall have no effect against third parties.

**15. Are exclusive and non-exclusive licensees given different rights in respect of the enforcement of the licensed IP, and if so, how do those rights differ?**

Exclusive and non-exclusive licensees have the same rights in respect of the enforcement of the licensed IP. The rights of both exclusive and non-exclusive licensees depend on what are granted to them under the license agreement.

**16. Are there criminal sanctions for infringement of any intellectual property rights, and if so, what are they and how are they invoked?**

If an infringement over a patented product or process is repeated by the infringer or by anyone in connivance with him, he shall be criminally liable and, upon conviction, shall suffer imprisonment for the period of not less than six (6) months but not more than three (3) years and/or a fine of not less than One Hundred Thousand Philippine Pesos (P100,000.00) or approximately Two Thousand Two Hundred Twenty Two and 22/100 United States Dollars (US\$2,222.22) but not more than Three Hundred Thousand Philippine Pesos (P300,000.00) or approximately Six Thousand Six Hundred Sixty Six and 67/100 United States Dollars (US\$6,666.67), at the discretion of the court.

A criminal penalty of imprisonment from two (2) years to five (5) years and a fine ranging from Fifty Thousand Philippine Pesos (P50,000.00) [approximately One Thousand One Hundred Eleven and 11/100 United States Dollars (US\$1,111.11)] to Two Hundred



Thousand Philippine Pesos (P200,000.00) [approximately Four Thousand Four Hundred Forty Four and 44/100 United States Dollars (US\$4,444.44)], shall be imposed on any person who is found guilty of committing any trademark infringement, unfair competition or false designation or representation.

The following are the criminal penalties for copyright infringement: (a) imprisonment of one (1) year to three (3) years plus a fine ranging from Fifty Thousand Philippine Pesos (P50,000.00) [approximately One Thousand One Hundred Eleven and 11/100 United States Dollars (US\$1,111.11)] to One Hundred Fifty Thousand Philippine Pesos (P150,000.00) [approximately Three Thousand Three Hundred Thirty Three and 33/100 United States Dollars (US\$3,333.33)] for the first offense; (b) imprisonment of three (3) years and one (1) day to six (6) years plus a fine ranging from One Hundred Fifty Thousand Philippine Pesos (P150,000.00) [approximately Three Thousand Three Hundred Thirty Three and 33/100 United States Dollars (US\$3,333.33)] to Five Hundred Thousand Philippine Pesos (P500,000.00) [approximately Eleven Thousand One Hundred Eleven and 11/100 United States Dollars (US\$11,111.11)] for the second offense; (c) Imprisonment of six (6) years and one (1) day to nine (9) years plus a fine ranging from Five Hundred Thousand Philippine Pesos (P500,000.00) [approximately Eleven Thousand One Hundred Eleven and 11/100 United States Dollars (US\$11,111.11)] to One Million Five Hundred Thousand Philippine Pesos (P1,500,000.00) [approximately Twenty Two Thousand Two Hundred Twenty Two and 22/100 United States Dollars (US\$22,222.22)] for the third and subsequent offenses; and (d) in all cases, subsidiary imprisonment in cases of insolvency. Any person who at the time when copyright subsists in a work has in his possession an article which he knows, or ought to know, to be an infringing copy of the work for the purpose of selling, letting for hire, or by way of trade offering or exposing for sale, or hire, the article; distributing the article for purpose of trade, or for any other purpose to an extent that will prejudice the rights of the copyright owner in the work; or trade exhibit of the article in public shall be liable for the same imprisonment and fine as an infringer.

- 17. What other enforcement options are available in your jurisdiction for each of the intellectual property rights described in questions 1-3? For example, civil court proceedings, intellectual property office proceedings, administrative**

## **proceedings, alternative dispute resolution.**

In enforcing its rights, the intellectual property owner may initiate administrative (opposition of trademark applications, cancellation of trademark registrations/patents, trademark/patent infringement, unfair competition), civil (trademark/patent/copyright infringement, unfair competition, false or fraudulent declaration, false designation of origin, false description of representation), and criminal proceedings (trademark/patent/copyright infringement, unfair competition, false designation of origin, false description of representation).

Administrative complaints are filed with the IPO, while civil and criminal complaints are filed with the Regional Trial Court sitting as a Special Commercial Court.

The parties also have recourse to the Dispute Resolution System of the IPO. Such System primarily involves mediation and arbitration as an alternative to litigation before the same Office or the regular courts.

### **18. What is the length and cost of such procedures?**

Administrative complaints filed with the Bureau of Legal Affairs (“BLA”) of the IPO are generally resolved within two (2) years from the filing of the complaint. The decision of the BLA Director is appealable to the Director General of the IPO. Generally, proceedings before the Director General of the IPO may be completed within two (2) years from filing of the appeal. As for the courts, the Rules of Procedure for Intellectual Property Cases was adopted for IP cases to expedite court proceedings and complete the same within two (2) to five (5) years from filing of the complaint.

The decisions of the Director General of the IPO and the court are both appealable to the Court of Appeals and, finally, to the Supreme Court. Appeals before the Court of Appeals are generally concluded within two (2) years from filing of the appeal. It may take another two (2) to three (3) years for the Supreme Court to resolve appeals brought before it.

As to costs, the basic fee for filing a complaint for violations of IP rights with the IPO is Nineteen Thousand Two Hundred Philippine Pesos (P19,200.00) [approximately Four Hundred Twenty Six and 67/100 United States Dollars (US\$426.67)] plus an additional

filing fee of 1/10 of 1% of the damages claimed in excess of Five Hundred Thousand Philippine Pesos (P500,000.00) [approximately Eleven Thousand One Hundred Eleven and 11/100 United States Dollars (US\$11,111.11)]. Application for attachment/injunction has a corresponding fee of Three Thousand One Hundred Twenty Philippine Pesos (P3,120.00) [approximately Sixty Nine and 33/100 United States Dollars (US\$69.33)].

For civil cases for infringement filed with the regular courts, the filing fees follow a stepped schedule and are estimated at two percent (2%) of the total amount of damages claimed.

The filing fees above are jurisdictional, meaning that the tribunal or court cannot hear the complaint without their payment.

No filing fees are required for criminal cases, but the same may only be filed in the court by the public prosecutor after an investigation initiated by the private aggrieved party.

19. **Where court action is available, please provide details of which court(s) have jurisdiction, how to start proceedings, the basics of the procedure, the time to trial, the format of the trial, the time to judgment and award of relief and whether any appeal is available.**

Civil cases involving intellectual property violations are cognizable by the Regional Trial Court designated by the Supreme Court as a Special Commercial Court. The action may be filed with the proper court with territorial jurisdiction over the complainant's residence or the residence of the prospective defendant, although venue is purely a matter of procedure and may thus be waived by both parties through prior agreements such as venue clauses, or by the defendant failing to object to an improper venue.

The proceedings are initiated by the filing of a Complaint and the payment of the required docket fees. The Complaint must be under oath and must also contain: (1) a Certificate of Non-Forum Shopping, or essentially a sworn declaration that the complainant has not initiated a case involving the same facts, issues, and parties in any other court or tribunal (e.g. the IPO), and (2) affidavits, in question-and-answer form, attesting to the allegations. If there is no Special Commercial Court designated in the

place where the action is filed, the Complaint is raffled to the proper branch. After the raffle, summons must be issued by the court within five (5) days.

Upon receipt of the summons, the defendant must file an Answer to the Complaint, which should likewise include affidavits of the same format supporting the defense. Unlike in ordinary civil actions, the failure to file an Answer allows the court on its own (*motu proprio* or *ex mero motu*) to render judgment as may be warranted by the allegations of the Complaint and the evidence or affidavits on record.

Within thirty days after the filing of the Answer (or upon joinder of the issues of the case), either party may resort to discovery. Five (5) days thereafter (or from the lapse of the allowed period for discovery), the court shall set the case for pre-trial and, afterwards, mediation and judicial dispute resolution, if necessary. If said alternative modes of dispute resolution fail, pre-trial is terminated. If the parties decide to submit the case on the basis of position papers, the parties may file the same for the consideration of the court. On the other hand, if there are matters to be clarified, the court may set the case for clarificatory hearings and afterwards require the submission of position papers. If the court deems a trial necessary, trial then proceeds, with the affidavits above substituting for direct examination of witnesses, and culminates with the order for the parties to submit their respective draft decisions. The court will then proceed to render judgment.

A party aggrieved by the decision of the court is not allowed to seek its reconsideration, since a motion for reconsideration is a prohibited pleading. Instead, it must appeal the decision of the court to the Court of Appeals.

For criminal cases, the case is initiated by filing a complaint-affidavit with the Department of Justice or the office of the prosecutor that has jurisdiction over the offense charged. The rules then follow the general rules of procedure for criminal cases, except that the parties must appear for mediation over the civil aspect (i.e. damages) of the criminal action. Under Philippine law, however, the criminal liability itself cannot be settled or compromised.

In either case, a deposition of a witness abroad may be taken upon application by the interested party and within six (6) months from the date of the order allowing the deposition.

20. **How does the court acquire any necessary information (fact or technical) and in what circumstances does it do so?**

**a) Is there a technical judge, a judge with technical experience, a court appointed expert, an expert agreed by the parties, and/or parties' expert witness evidence?**

The assignment of judges to Special Commercial Courts is not based on technical expertise, particularly with regard to intellectual property rights. Hence, specifically for patent litigation (including infringement cases involving utility models and industrial designs), the Rules of Procedure for Intellectual Property Cases allows the court, ex mero motu or upon motion by a party, to create a committee of three (3) experts to provide advice on the technical aspects of the patent in dispute. Each party is allowed to nominate an expert; the said nominees, in turn, must nominate a list of experts from whom the court may appoint the third expert.

The court may also request the IPO to provide equipment, technical facilities, and personnel when trial involves highly-technical evidence or matters.

**b) What mechanisms are available for compelling the obtaining and protecting of evidence? Is disclosure or discovery available?**

Discovery is expressly made available by the Rules of Procedure for Intellectual Property Cases. Applying the Rules of Court, such modes include depositions (pending action, pending appeal, and for perpetuation), written interrogatories, and request for documents and admissions. The Rules of Procedure for Intellectual Property Cases also expressly mention the deposition of witnesses located abroad.

The IP Code also provides for certain legal presumptions, which courts are bound to uphold in the absence of countervailing evidence. These presumptions are reproduced by reference or explicitly in the Rules of Procedure for Intellectual Property Cases. These include the presumption of infringement of a process patent if a new product is identical to that produced by the patented process, the presumption that patents issued by the IPO are valid, among others.

21. **How is information and evidence submitted to the court**

## **scrutinised? For example, is cross-examination available and if so, how frequently is it employed in practice?**

Direct testimonies in intellectual property cases before the courts take the form of question-and-answer affidavits, also known as judicial affidavits. The affiant-witnesses who execute such affidavits must always be presented for oral cross-examination, otherwise, their judicial affidavits and testimonies are expunged from the court records. Documentary evidence attested to by such witnesses is already appended to their judicial affidavits.

## **22. What customs procedures are available to stop the import and/or export of infringing goods?**

Under Philippine customs rules and regulations, particularly Customs Administrative Order No. 6-2002, an intellectual property rights owner may request for the recordation of its intellectual property right with the Bureau of Customs (“BOC”) to enable the BOC to monitor and prevent the entry of counterfeit goods in the Philippines. This is in consonance with the IP Code provisions, which prohibits the entry into the Philippines of goods in violation of the IP Code, such as those bearing infringing marks or trade names, those containing false designation of origin, false description or false representation.

Particularly, under Customs Administrative Order No. 6-2002, the following are prohibited:

1. Those which shall copy or simulate any mark or trade name registered with the IPO, without the authorization or consent of the registrant or its duly authorized agent.
2. Those which shall copy or simulate any well-known mark as determined by competent authority, without the authorization or consent of the owner or its duly authorized agent.
3. Those which are judicially determined to be unfairly competing with products bearing marks whether registered or not.
4. Those which constitute as a piratical copy or likeness of any work, whether published or unpublished, on which a copyright subsists.
5. Those which present themselves as a substantial simulation of any machine,

article, product, or substance duly patented under the IP Code, without the authorization or consent of the patentee or its duly authorized agent.

6. Those which use false or misleading description, symbol, or label that is likely to cause confusion, mistake, or deception as to the affiliation, connection, or association of the imported goods with another person's goods; or those which misrepresent their nature, characteristics, qualities, or geographic origin.

Recordation with the BOC allows the right-holder to apply for the suspension of release of the goods which infringe on his/her intellectual property rights.

Further, a right-holder that has not recorded his right with the BOC may, upon the submission of the same documents above, request the Commissioner of Customs or, for ports of entry outside the National Capital Region, the District Collector of Customs concerned to issue an alert or hold order against any importation suspected to contain infringing goods.

### **Documentary Requirements**

In order to record the IPR with the BOC, the IPR holder must submit an affidavit attesting that: a) the applicant is the rightful owner of the IPR sought to be recorded, or in case of a representative or an agent, that he is duly authorized by the IPR Holder/Owner to make the application; and b) that the person or other entities in the submitted list, if any, are so authorized or not so authorized to make the importation or distribution of such products covered by the IPR together with a sufficient description of the products covered by the IPR sought to be recorded, together with samples thereof.

In addition, the following documents which are meant to aid the BOC in identifying the IPR holder/owner and providing the BOC with minimum information that will help its officers in effectively monitoring and evaluating infringing goods at the border, must be submitted:

- a. three (3) certified true copies of the Certificate of Registration issued by the IPO, if the IPR is registered with the IPO;
- b. three (3) certified true copies of a decision or resolution of a court or other competent authority declaring or recognizing the claim to an IPR, if the IPR is not registered with the IPO;

c. For copyright and other related rights, an affidavit stating that (1) at the time specified therein, copyright subsists in the work or other subject matter, (2) he or the other person named therein is the owner of the copyright, and (3) the copy of the work or other subject matter annexed thereto is a true copy thereof.

Once recorded, the Bureau shall monitor and inspect on its own initiative suspect imports to determine whether or not they are liable to seizure and forfeiture pursuant to law.

### **Validity**

The recordation of IPRs and product or products covered therein shall be valid for two (2) years from date of the recording and renewable every two years thereafter.

### **Recordation Fee**

A recordation fee of Two Thousand Philippine Pesos (P2,000.00) [approximately Forty Four and 44/100 United States Dollars (US\$44.44)] per product but in no case to exceed Twenty Thousand Philippine Pesos (P20,000.00) [approximately Four Hundred Forty Four and 44/100 United States Dollars (US\$444.44)] per right-holder must be paid to the Bureau of Customs.

23. **Are any non-court enforcement options or dispute resolution mechanisms mandatory in respect of intellectual property disputes in any circumstances? If so, please provide details.**

Under the Rules of Procedure for IPO Mediation Proceedings, mediation is mandatory for the following administrative cases:

- (a) Administrative complaints for violation of Intellectual Property Rights and/or Unfair Competition;
- (b) Inter Partes cases;
- (c) Disputes involving technology transfer payments;
- (d) Disputes relating to the terms of a license involving the author's rights to public performance or other communication of his work;
- (e) Cases appealed to the Office of the Director General from decisions of the BLA and the DITTB; and



(f) All other cases which may be referred to mediation during the settlement period declared by the Director General.

Mediation is done before the IPO Mediation Office.

Note however that cases with pending application for Temporary Restraining Order/ Preliminary Injunction, attachment or other ancillary remedies shall not be referred to mediation unless the parties, in joint written motion, pray that the case be made to undergo mediation.

Under the Rules of Procedure on Intellectual Property Rights Enforcement , the IPO has enforcement actions and visitorial power based on information, report and complaint received by the IPO. An IPR Enforcement Office is created under these Rules whose functions include the issuance of visitorial orders, compliance orders and mission orders, the filing of formal charges before the appropriate government agencies and/or tribunals, and the exercise of such other powers as may be necessary to ensure compliance with the IP Code.

Cases filed before the Regional Trial Courts may also undergo Court-Annexed Mediation, Judicial Dispute Resolution and Appeals Court Mediation.

**24. What options are available to settle intellectual property disputes in your jurisdiction?**

Other than the alternative dispute resolution mechanism of the IPO and the courts, parties may resort to arbitration which is governed mainly by agreement prior to (e.g. via arbitral clauses) or subsequent (e.g. via agreements to arbitrate) to the dispute.

**25. What is required to establish infringement of each of the intellectual property rights described in questions 1-3? What evidence is necessary in this context?**

**Patent Infringement**

In order to prove patent infringement, the patentee must be able to show:

- a. The existence of a valid patent which may be proved by the Letters Patent;
- b. His right to the patent; and
- c. Evidence proving any of the acts of making, using, offering for sale, selling, or importing of the patented product in violation of the patentee's right.

### **Trademark Infringement**

In order to prove trademark infringement, the following must be shown:

- a. The trademark being infringed is registered in the IPO, which may be proved by the Certificate of Registration;
- b. The trademark is reproduced, counterfeited, copied, or colorably imitated by the infringer;
- c. The infringing mark is used in connection with the sale, offering for sale, or advertising of any goods, business or services; or the infringing mark is applied to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used upon or in connection with such goods, business or services;
- d. The use or application of the infringing mark is likely to cause confusion or mistake or to deceive purchasers or others as to the goods or services themselves or as to the source or origin of such goods or services or the identity of such business; and
- e. The use or application of the infringing mark is without the consent of the trademark owner or the assignee thereof.

As remedies for infringement of intellectual property rights vary from criminal, civil, to administrative, each type of remedy requires a different standard of proof to establish infringement.

In administrative proceedings, the standard of evidence is substantial evidence - the amount of relevant evidence, which a reasonable mind might accept as adequate to justify a conclusion. In civil cases, the standard of proof is preponderance of evidence, which is probability of the truth. Finally, in criminal cases, the standard is higher as the guilt must be proved beyond reasonable doubt, which requires moral certainty or that degree of proof, which produces conviction in an unprejudiced mind.

### **What defences to infringement are available?**

The following defences are available against a claim for patent infringement:

1. Invalidity of the patent or any claim thereof allegedly being infringed on the ground of lack of novelty; lack of enablement, being contrary to public order or morality;
2. Prescription: For purposes of claiming damages, the IP Code provides for a prescriptive period of four (4) years as no damages can be recovered for acts of infringement committed more than four (4) years before the institution of the action for infringement. A criminal action for patent infringement prescribes after the lapse of three (3) years from the date of the commission of the crime.

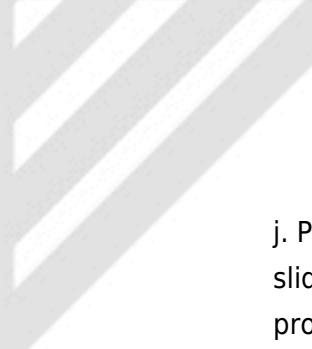
The following defenses are available against a claim for trademark infringement:

1. Prior user in good faith. Under the IP Code, a registered mark shall have no effect against any person who, in good faith, before the filing date or the priority date, was using the mark for the purposes of his business or enterprise.
2. Where an infringer who is engaged solely in the business of printing the mark or other infringing materials for others is an innocent infringer, the owner of the right infringed shall be entitled as against such infringer only to an injunction against future printing;
3. Where the infringement complained of is contained in or is part of paid advertisement in a newspaper, magazine, or other similar periodical or in an electronic communication, the remedies of the owner of the right infringed as against the publisher or distributor of such newspaper, magazine, or other similar periodical or electronic communication shall be limited to an injunction against the presentation of such advertising matter in future issues of such newspapers, magazines, or other similar periodicals or in future transmissions of such electronic communications.
4. Lack of notice or knowledge. Under the IP Code, the owner of the registered mark shall not be entitled to recover profits or damages unless the acts have been committed with knowledge that such imitation is likely to cause confusion, or to cause mistake, or to deceive. However, such knowledge is presumed if the registrant gives notice that his mark is registered by displaying with the mark the words "Registered Mark" or the letter R within a circle or if the defendant had otherwise actual notice of the registration.

In copyright infringement, the following defences are available:

1. That the act falls under any of the following as provided in Section 184 of the IP Code:

- a. The recitation or performance of a work, once it has been lawfully made accessible to the public, if done privately and free of charge or if made strictly for a charitable or religious institution or society;
- b. The making of quotations from a published work if they are compatible with fair use and only to the extent justified for the purpose, including quotations from newspaper articles and periodicals in the form of press summaries: Provided, That the source and the name of the author, if appearing on the work, are mentioned;
- c. The reproduction or communication to the public by mass media of articles on current political, social, economic, scientific or religious topic, lectures, addresses and other works of the same nature, which are delivered in public if such use is for information purposes and has not been expressly reserved: Provided, That the source is clearly indicated;
- d. The reproduction and communication to the public of literary, scientific or artistic works as part of reports of current events by means of photography, cinematography or broadcasting to the extent necessary for the purpose;
- e. The inclusion of a work in a publication, broadcast, or other communication to the public, sound recording or film, if such inclusion is made by way of illustration for teaching purposes and is compatible with fair use: Provided, That the source and of the name of the author, if appearing in the work, are mentioned;
- f. The recording made in schools, universities, or educational institutions of a work included in a broadcast for the use of such schools, universities or educational institutions: Provided, That such recording must be deleted within a reasonable period after they were first broadcast: Provided, further, That such recording may not be made from audiovisual works which are part of the general cinema repertoire of feature films except for brief excerpts of the work;
- g. The making of ephemeral recordings by a broadcasting organization by means of its own facilities and for use in its own broadcast;
- h. The use made of a work by or under the direction or control of the Government, by the National Library or by educational, scientific or professional institutions where such use is in the public interest and is compatible with fair use;
- i. The public performance or the communication to the public of a work, in a place where no admission fee is charged in respect of such public performance or communication, by a club or institution for charitable or educational purpose only, whose aim is not profit making, subject to such other limitations as may be provided in the Regulations;

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- j. Public display of the original or a copy of the work not made by means of a film, slide, television image or otherwise on screen or by means of any other device or process: Provided, That either the work has been published, or, that the original or the copy displayed has been sold, given away or otherwise transferred to another person by the author or his successor in title;
  - k. Any use made of a work for the purpose of any judicial proceedings or for the giving of professional advice by a legal practitioner;
2. That the act constitutes fair use under Section 185 of the IP Code, such as: (a) the use of a copyrighted work for criticism, comment, news reporting, teaching including multiple copies for classroom use, scholarship, research, and similar purposes; (b) Decompilation, or the reproduction of the code and translation of the forms of the computer program to achieve the inter-operability of an independently created computer program with other programs.
  3. That the published work was reproduced in a single copy only by a natural person, exclusively for research and private study. This however will not apply if the reproduction is of: (a) a work of architecture in the form of building or other construction; (b) an entire book, or a substantial part thereof, or of a musical work in graphic form by reprographic means; (c) a compilation of data and other materials; (d) a computer program except it is a single back-up copy or adaptation of a computer program and the copy or adaptation is necessary for the use of the computer program in conjunction with a computer for the purpose, and to the extent, for which the computer program has been obtained; and for archival purposes, and, for the replacement of the lawfully owned copy of the computer program in the event that the lawfully obtained copy of the computer program is lost, destroyed or rendered unusable; (e) Any work in cases where reproduction would unreasonably conflict with a normal exploitation of the work or would otherwise unreasonably prejudice the legitimate interests of the author.
  4. That the act falls under Section 188 of the IP Code on the permitted reprographic reproduction by libraries. Particularly, any library or archive whose activities are not for profit may, without the authorization of the author of copyright owner, make a single copy of the work by reprographic reproduction:
    - a. Where the work by reason of its fragile character or rarity cannot be lent to user in its original form;
    - b. Where the works are isolated articles contained in composite works or brief portions of other published works and the reproduction is necessary to supply

them, when this is considered expedient, to persons requesting their loan for purposes of research or study instead of lending the volumes or booklets which contain them; and

c. Where the making of such a copy is in order to preserve and, if necessary in the event that it is lost, destroyed or rendered unusable, replace a copy, or to replace, in the permanent collection of another similar library or archive, a copy which has been lost, destroyed or rendered unusable and copies are not available with the publisher;

5. Prescription. The owner of a copyright is barred from recovering damages for acts of infringement committed beyond four (4) years prior to initiating action for infringement.

**26. Who can challenge each of the intellectual property rights described in questions 1-3?**

For trademarks, any person who believes he would be damaged by the registration of a mark may file an opposition to the trademark application within the prescribed period for opposition.

For patents, any interested person may petition to cancel the patent or any claim thereof, or parts of the claim, on the ground that the claimed invention is not new or patentable; that the patent does not disclose the invention in a manner sufficiently clear and complete for it to be carried out by any person skilled in the art; or that the patent is contrary to public order or morality.

**27. When may a challenge to these intellectual property rights be made (e.g. during any registration process or at any time during the subsistence of the right)?**

In cases of Opposition of trademark applications, the Opposition must be filed within thirty (30) days after the publication of the application for purposes of opposition in the IPO e-Gazette.

When a trademark has already been registered, a Petition for Cancellation may be filed after the mark is registered but no later than five (5) years from the date of registration

of the mark, unless it falls under any of the following instances, in which case, the Petition for cancellation may be filed at any time after the registration of the mark:

- if it becomes the generic name for the goods or services, or a portion thereof, for which it is registered, or has been abandoned;
- if the registration was obtained fraudulently or contrary to the provisions of the IP Code;
- if it 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; and
- 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.

A Petition for cancellation of a patent or any claim thereof may be filed only after the issuance of the Letters Patent.

**28. Briefly, what is the forum and the procedure for challenging each of these intellectual property rights and what are the grounds for a finding of invalidity of each of these intellectual property rights?**

The Verified Notice of Opposition against trademark applications as well as Petitions for Cancellations of trademark registrations or Letters Patent are filed before the IPO Bureau of Legal Affairs (“BLA”). The following are the steps/procedure in trademark Oppositions and Cancellation proceedings:

1. Filing of the Verified Notice of Opposition/Petition or Cancellation
2. Issuance by the BLA of the Notice to Answer
3. Filing of a Verified Answer by the Respondent
  - The Verified Answer must be filed within thirty (30) days from receipt of a copy of the Notice to Answer. The filing thereof may be extended for a total of ninety (90) days with thirty (30) days each per extension by filing motions for extension of time.

4. Referral to Mediation – Upon referral to mediation, the adjudication proceedings therefore shall be suspended until the case is returned by the IPO Mediation Office for resumption of proceedings.

*In case of successful mediation:*

- a. Mediator shall refer the parties' compromise agreement to the head of the originating office; and
- b. Approval of the compromise agreement by the head of the originating office.

*In case of non-settlement of dispute:*

- a. Declaration by the IPO Mediation Office that mediation is unsuccessful; and
- b. Termination of the mediation proceedings by issuing a Notice of Non-Settlement of Dispute;

5. Preliminary Conference
6. Submission of Position Papers
7. Submission for Decision

### **Grounds for Invalidity**

In the case of patents, the same may be cancelled if (a) the claimed invention is not new or patentable, (b) the patent does not disclose the invention in a manner sufficiently clear and complete for it to be carried out by any person skilled in the art, or (c) the patent is contrary to public order or morality.

For trademarks, the opposition or cancellation may be founded on any of the grounds that would prohibit registration enumerated in Section 123.1 of the IP Code, which pertinently includes the likelihood of deception of the public as to the nature, quality, characteristics, or geographical origin of the goods or services, or identity or confusing similarity.

29. **Are there any other methods to remove or limit the effect of any of the intellectual property rights described in questions 1-3, for example, declaratory relief or licences of right?**

There is no declaratory relief in the IPO. Outside of an actual controversy before it, the



IPO will not issue a declaration as to the rights to the subject intellectual property or the rights of the parties thereto.

Declaratory relief may be available in the regular courts, as Rule 63 of the Rules of Court allow any person “interested under a deed, will, contract or other written instrument, or whose rights are affected by a statute, executive order or regulation, ordinance, or any other governmental regulation” to “before breach or violation thereof bring an action in the appropriate Regional Trial Court to determine any question of construction or validity arising, and for a declaration of his rights or duties, thereunder.” However, outside of this narrow ground, courts will require an actual case or controversy before proceeding to declare the extent of the rights over intellectual property.

Intellectual property may be assigned or licensed as with any property. However, in the case of licensing, the same must comply with Sections 85 to 92 of the IP Code, which contains the rules on voluntary licensing. These rules pertinently include mandatory and prohibited provisions, which must be complied with, subject to exceptions; otherwise, the licensing agreement will not be enforceable by a court in the Philippines.

There is also compulsory licensing under Sections 93 to 102, whereby upon petition, the Director of the BLA of the IPO may grant a license to exploit a patented invention, even without the agreement of the patent owner, under conditions such as national emergency, or if the exploitation of the owner is anti-competitive, among others. Notably, compulsory licensing may also be mandated when “the demand for patented drugs and medicines is not being met to an adequate extent and on reasonable terms, as determined by the Secretary of the Department of Health.”

**30. What remedies (both interim and final) are available for infringement of each of the intellectual property rights described in questions 1-3?**

An owner of a patent, trademark, or copyright may bring a civil action before a court of competent jurisdiction, to recover appropriate damages from the infringer. An injunction in favor of the owner of a patent, trademark or copyright may also be granted restraining such infringement. The court may also order the destruction of infringing materials for violations of trademark. Impounding of trademark infringing goods is likewise possible. In a copyright infringement action, the court shall also have the power to order the seizure

and impounding of any article which may serve as evidence in the court proceedings.

31. **What are the costs of enforcement proceedings and is any kind of costs recovery available for successful parties? Is there a procedural mechanism enabling or requiring security for costs?**

Apart from the payment of the requisite filing fees, in cases where there is a prayer for an injunctive relief, the party applying for injunctive relief must file a cash bond to the effect that the applicant will pay to such party or person all damages which the latter may sustain by reason of the injunction or temporary restraining order if the Bureau should finally decide that the applicant was not entitled thereto. The cash bond is in an amount to be fixed by the Hearing Officer and approved by the BLA Director for infringement cases filed before the IPO BLA,

Under the IPV Rules, the BLA Director after formal investigation may impose the penalty of requiring an assurance to reimburse the complainant the expenses and costs incurred in prosecuting the case in the BLA.