



The Legal 500 Country Comparative Guides

Philippines

INTELLECTUAL PROPERTY

Contributor

VeraLaw (Del Rosario Raboca
Gonzales Grasparil)



Maria Theresa C. Gonzales

Partner | tcgonzales@veralaw.com.ph

Daphne Ruby B. Grasparil

Partner | dbgrasparil@veralaw.com.ph

Leonette Marie L. Gonzaga

Associate | llgonzaga@veralaw.com.ph

Jai Andrew E. Puno

Associate | jepuno@veralaw.com.ph

This country-specific Q&A provides an overview of intellectual property laws and regulations applicable in Philippines.

For a full list of jurisdictional Q&As visit legal500.com/guides

PHILIPPINES

INTELLECTUAL PROPERTY



1. What different types of intellectual property rights exist to protect: (a) Inventions (e.g. patents, supplementary protection certificates, rights in trade secrets, confidential information and/or know-how); (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); (c) Other creations, technology and proprietary interests (e.g. copyright, design rights, semiconductor topography rights, plant varieties, database rights, rights in trade secrets, confidential information and/or know-how).

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

Patents – Under Section 21 of the Intellectual Property Code of the Philippines (IP Code), a patentable invention refers to any technical solution of a problem in any field of human activity which is new, involves an inventive step, and has industrial applicability. It may relate to a product or process as well as improvements made thereon.

Utility Models – Any technical solution of a problem in any field of human activity, which is new and has industrial applicability. It does not need to involve any inventive step. Like patents it may relate to a product or process and its improvement thereon.

Trade secrets – There is no specific law that defines ‘trade secrets.’ The IP Code recognizes the protection of undisclosed information as an intellectual property right. In *Air Philippines v. Pennswell, Inc.* [2007] 540 SCRA 215, the Supreme Court used Black’s Law Dictionary to define ‘trade secret’ as ‘a plan or process, tool, mechanism, or

compound known only to its owner and those of his employees to whom it is necessary to confide it.’

Although there is as yet no statutory definition of ‘trade secrets,’ the revelation of secrets with abuse of office is penalized under Article 291 and revelation of industrial secrets under Article 292 of the Revised Penal Code (RPC).

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

Trademark – A mark as defined under Section 121.1 of the IP Code is ‘any visible sign capable of distinguishing the goods (trademark) or services (service mark) of an enterprise.’ This definition extends to a stamped or marked container of goods. Sound marks and scent marks are not yet registrable in the Philippines.

Unfair competition – Under Article 168.2 of the IP Code, there is a cause of action for unfair competition when a person employs deception or any other means contrary to good faith in passing off the goods manufactured by him or in which he deals, or his business or services for those having established such goodwill, or shall commit acts calculated to produce said result — proof of fraud is essential. A cause for unfair competition is broader under Article 28 of the New Civil Code as it gives a right of action to a person on account of another’s use of unjust, oppressive or high-handed methods resulting in unfair competition.

Geographic indications – The IP Code does not define geographic indications. A geographical indication is protected under the IP Code and may be registered as a collective mark.

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

Copyright – Copyright protection covers original literary, artistic, scholarly, and scientific works that are protected from the moment of creation. Database rights, in the nature of derivative works, are protected as ‘compilations of data and other materials which are original by reason of the selection or coordination or arrangement of their contents.’

Industrial Design – Under Section 112 of the IP Code, an industrial design refers to any composition of lines or colours or any three-dimensional form of a product, for as long as the composition or form gives a special appearance to a product in order to serve as its pattern.

Lay-out Design of Integrated Circuits – This is defined in Section 112 of the IP Code as the three-dimensional disposition, however expressed, 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 a three-dimensional disposition prepared for an integrated circuit intended for manufacture.

Plant Variety – Under Section 23 of the Plant Variety Protection Act, a ‘plant’ pertains to both terrestrial and aquatic flora while a ‘variety’ is a plant grouping within a single botanical taxon of the lowest known rank, that without regard to whether the conditions for plant variety protection are fully met, can be defined by the expression of the characteristics resulting from a given genotype or combination of genotypes, distinguished from any other plant groupings by the expression of at least one (1) characteristic, and considered as a unit with regard to the suitability for being propagated unchanged. A variety may be represented by seed, transplants, plants, tubers, tissue culture plantlets, and other forms.

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 regular patent is twenty (20) years from the date of filing the application. A patent filed under the Patent Cooperation Treaty (PCT) likewise has a term of twenty (20) years counted from its international filing date. For both types of patents, the annual fee has to be paid within the period required by the IP Code in order for its term not to lapse.

The term of a utility model is seven (7) years from the filing date of the application, and the same is not extendible/renewable.

For industrial design, the term is five (5) years from the filing date of the application, renewable for two (2) consecutive five (5) year periods, or a total maximum duration of fifteen (15) years. The renewal of the registration is subject to payment of renewal fees, which may be paid twelve months prior to the expiration of its registration. There is a grace period of six (6) months from expiration of the term to pay the fee, subject to payment of surcharge/penalty fee.

Until 28 February 2022, the Intellectual Property Office (IPOPHL) issued paper certificates for applications for patents, utility models and industrial designs which have been recommended for registration. Beginning 01 March 2022, the IPOPHL shall issue Electronic Certificates, known as “Patent eCert”, for patent, utility model and industrial design applications which have been recommended for registration.

A layout-design of Integrated Circuit has a term of ten (10) years counted from the date of commencement of the protection given thereto. Its period of protection starts: (a) on the date of the first commercial exploitation thereof by or with consent of the right holder, for as long as the application is filed with the IP Office within two (2) years from the first date of commercial exploitation; or (b) on the filing date of the application for registration, should the lay-out design has not been previously exploited anywhere in the world.

As to plant varieties, for trees and vines, the period of protection shall be twenty-five (25) years from the date of the grant of the Certificate of Plant Variety Protection and twenty (20) years from the said date for all other types of plants.

A trademark registration is valid for 10 years, provided that the required declarations of actual use and evidence to that effect are submitted within the periods prescribed by the IP Code.

Copyright protection in literary and artistic works and derivative works generally lasts during the lifetime of the author plus fifty (50) years after the author’s death.

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 first owner is the registrant, the author, inventor, designer, or breeder of the intellectual property rights.

In instances where the intellectual property (IP) is done in the course of employment, the IP rights shall belong to the employee if the work is not part of his duties.

Otherwise, the employer is the owner of the IP rights, unless there is a contrary agreement.

If the work is commissioned and paid by a person other than the author's employer, the owner is the person who commissioned the work unless the contrary is stipulated in their agreement.

4. Which of the intellectual property rights described above are registered rights?

The Intellectual Property Code provides for a system of the registration of patentable inventions, utility models, industrial designs, layout design of integrated circuits, plant varieties, trademarks, and copyrights.

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

An individual or a juridical entity may apply for registration of patents, utility models and industrial designs. Foreigners or non-residents applicants must appoint an agent residing in the country to lodge the application. Filipino citizens or Philippine residents (including Philippine juridical entities) may choose to file the application on their own or appoint an agent residing in the Philippines. To apply for these IP rights, the applicant or his resident agent has to submit the completed application form and required documents through the IPO's online e-Services portal and pay the required fees. These IP rights undergo formality examination after filing.

Regular patents shall subsequently be published in the IPO E-Gazette after eighteen (18) months from the filing date. Should there be no third-party observation filed after six (6) months from the date of publication of the application or from the request for substantive examination filed by the applicant, whichever comes later, the application will undergo substantive examination.

Utility models and industrial designs do not undergo substantive examination.

For plant varieties, any breeder may apply for plant variety protection. A breeder is any of the following: (a) the person who bred or discovered and developed a new plant variety; (b) the person who is the employer of the aforementioned person or who has commissioned the work; or (c) the successors-in-interest of the foregoing persons as the case may be. An applicant of a Certificate of Plant Variety Protection has to submit the required documents, including samples of the propagating

materials subject of the application, to the Plant Variety Protection Office (PVPO). This shall undergo both formal and substantive examinations.

With regard to trademarks, an applicant, natural or juridical, may file online a trademark application with the Intellectual Property Office (IPO) through eTM file. The trademark examiner then reviews the application and determines whether it meets the filing and registrability requirements.

Should the examiner finds factual basis to doubt the veracity of any indication or element in the application, the applicant may be required to submit a sworn statement of ownership and/or affidavit of good faith in order to remove the doubt. If the application is found to be unregistrable, the applicant is informed of the reason/s therefore and such information as may be helpful in the further prosecution of the application.

When the mark is found to be registrable, the IPO will issue a notice of allowance and upon payment of the fees, the trademark application will be published for opposition in the IPO e-Gazette. An opposer has thirty (30) days after publication to lodge an opposition. The IPO will then issue a certificate of registration if a third-party does not file an opposition or request an extension within the 30-day period. When an opposition is not filed within the 30-day period, the mark is deemed registered on the next calendar day following the expiration of the opposition period.

While the usual means of filing a trademark application is via the IPOPHL official website, under exceptional circumstances such as natural calamities or prolonged system downtime of eTM file, communication to the IPOPHL may be filed through other electronic means, personal delivery, courier services or registered mail.

Although unnecessary for copyright protection, works may be deposited with the Philippine IPO online. The applicant must send a filled-out registration and deposit form along with the digital copy of the work to the copyright registration email address. The IPO will send a statement of account indicating the required amount to be paid. Upon confirmation of payment, the Electronic Certificate of Registration and Deposit (ECDR) will be sent via email.

As of 15 November 2021, for the purpose of streamlining, the IPOPHL allowed the simultaneous filing of applications for initial copyright registration and deposit or application for lost or missing Certificate of Copyright Registration (CCR)/Transfer CCR (TCCR) and applications for recordation of copyright transfer, assignment, exclusive license agreement and mortgage and resale rights registration.

6. How long does the registration procedure usually take?

If no opposition is filed against a trademark application, the registration procedure is usually concluded within a period of eight (8) to twelve (12) months.

For patents, the process takes three (2) to five (5) years from the date of filing the application. However, the complexity of the application affects the registration procedure. For utility model and industrial design, the usual timeline is six (6) months to twelve (12) months from the date of filing the application, provided documents submitted at the filing of the application comply with the formality requirements under the IP Code.

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

Third parties can oppose the trademark application within a period of 30-days from the publication date, extendible for an additional period of forty-five (45) days.

For patent applications, any person may present observations in writing concerning the patentability of the application within six (6) months from the date of publication of the application. Additionally, an interested party may request a conference at the IPOPHL, subject to payment of fees. The IPOPHL shall acknowledge the receipt of any observation or request for conference and may request for additional information or clarifications. All observations shall be communicated to the applicant who may comment on them within thirty (30) days from the mailing date of the communication.

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

The applicant can appeal to the Director of the Bureau of Trademarks within a period of two months from mailing date of the action appealed from. In case of an adverse decision by the Director of the Bureau of Trademarks, the applicant may file, within thirty (30) days from receipt of the copy of the decision, a motion for reconsideration or file an appeal directly to the Director General of the IPO.

If refused because of opposition or cancellation in an inter partes case, the Bureau of Legal Affairs' decision on the opposition or cancellation actions may be appealed to the Director within a period of fifteen (15) days. The

Director's decision may be elevated to the Director General.

If a patent application is refused, the refusal is appealable to the Director of the Bureau of Patents within a non-extendible period of two (2) months from the mailing date of the action. Should the Director of the Bureau of Patents agree with the refusal of the examiner, it may be appealed to the Director General of the IPO within one (1) month from receipt of the Director's decision. A motion for reconsideration of the decision of the Director is not allowed. The decision of the Director General to reject the application may then be appealed to the Court of Appeals, and ultimately to the Supreme Court of the Philippines.

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

Patents:

Application: The Official Fee for small entity with maximum of five (5) claims is ₱2,020.00, inclusive of the 1% legal research fee. Payment for each claim in excess of five (5) is ₱190.00. For big entity, the Official Fee is ₱4,363.20, inclusive of the 1% legal research fee, with maximum of five (5) claims. Payment for each claim in excess of five (5), inclusive of 1% legal research fee, is ₱190.00 for small entity and ₱370.00 for big entity.

Payment for each priority claim for small entity is ₱1,010.00 and for big entity ₱2,181.60 inclusive of 1% legal research fee.

An application is subject to the full payment of the filing fee and publication fee (1st publication) upon filing of the application (Memorandum Circular No. 2022-016).

Renewal: The Official Fee for annuity fee for a small entity for an application with maximum of five (5) claims ranges from ₱1,565.50 (5th year annual fee) to ₱31,534.22 (20th year annual fee). For big entity, it ranges from ₱3,272.40 (5th year annual fee) to ₱65,811.60. The additional payment for each claim in excess of five (5), inclusive of 1% legal research fee, are as follows: for small entity ₱220.00 and for big entity ₱430.00. The requirement to pay the annuity fee ceases when the term of the patent expires or it is withdrawn/abandoned.

Utility Model: The Official Fee, inclusive of 1% legal research fee, is ₱1,737.20 for small entity and ₱3,636.00 for big entity for applications with maximum five (5) claims. Payment for each claim in excess of five (5), inclusive of 1% legal research fee, is ₱130.00 for small

entity and ₱250.00 for big entity. Payment for each priority claim for small entity is ₱960.00 and ₱1,818.00 inclusive of 1% legal research fee.

Industrial Design: The Official Fee for an application with one (1) embodiment, inclusive of 1% legal research fee, is ₱1,737.20 for small entity and ₱3,636.00 for big entity. The payment for each additional embodiment, inclusive of 1% legal research fee, is ₱870.00 for small entity and ₱1,818.00 for big entity.

Renewal: The Official Fee for the first renewal is ₱1,403.00 for small entity and ₱2,181.60 for big entity. For the second renewal, the Official Fee is ₱2,020.00 for small entity and ₱4,363.20 for big entity. The said amounts are inclusive of 1% legal research fee. A publication fee is required for both renewals in the amount of ₱970.00.

For late renewals, there is a surcharge fee equivalent to fifty (50) percent of the Official Fee.

Trademarks:

Application: The Basic Fee of ₱ 2,592.00 per class and 1st Publication Fee of ₱ 960.00 for a big entity, or the Basic Fee of ₱ 1,200.00 per class and 1st Publication Fee of ₱ 900.00 for a small entity.

Renewal: The Official Fee is ₱ 6,600.00 per class with a ₱3,300 surcharge if filed six (6) months from the registration date

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 fee for patents and renewal fee for industrial design on the due dates required by the IP Code will result to the withdrawal of the patent application/registration and the industrial design registration.

The remedy is to pay the annual/renewal fee within the grace period of plus the surcharge fee, as follows: (a) patents: six (6) months from the date of publication of the non-payment in the IPO's E-gazette; and (b) Industrial Designs: six (6) months from the expiration of the term of registration.

The applicant can still renew the trademark registration and pay the fees with a surcharge within a period of six months from the expiration of the registration or renewal date.

11. What are the requirements to assign ownership of each of the intellectual property rights described above?

A duly notarized and apostilled/authenticated deed of assignment signed by the parties is required as well as the power of attorney in favor of a local agent. The applicant of a pending trademark, patent, utility model, and industrial application, or the patentee, registrant, or assignee may use the IPO optional deed of assignment form.

For plant varieties, an original/certified and duplicate copies of the deed of assignment shall be submitted to the PVP Office for recording in the Plant Variety Registry.

To record a transfer by merger or other forms of succession, the deed of merger or any document evidencing the transfer such as the extract of the commercial register with an English translation may be submitted.

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?

Section 106 of the IP Code requires the recordal of assignments and other instruments involving the transfer of rights, title or interest for inventions/patents with the IPO. The same provision applies to utility model and industrial design. Assignment documents not recorded/registered shall be void against any third parties if not recorded in the IPO.

Section 149.4 of the IP Code provides that assignments and transfers of registration shall be recorded with the IPO. Trademark assignments and transfers shall have no effect against third parties until they are recorded at the Philippine IPO.

13. What are the requirements to licence a third party to use each of the intellectual property rights described above?

The parties must submit a request letter, a licensing agreement and notarized application form.

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?

A trademark or patent license agreement need not be recorded if they conform with the requirements of the IP Code on the mandatory clauses and prohibited clauses. Section 87 of the IP Code covers the prohibited clauses that are unfavorable to competition and trade, while Section 88 contains provisions which need to be included, such as: an arbitration clause, the applicability of Philippine laws, a stipulation that the venue of litigation is the court where the principal place of business is located, and a provision that the licensor bears the Philippine taxes on all payments relating to the technology transfer agreement.

If the license agreement lacks the mandatory clauses and contains the prohibited clauses, it is unenforceable against third parties.

A license agreement that lacks the mandatory clauses and contains prohibited clauses must be approved and registered with the DITTB as an exempt agreement. In exceptional or meritorious cases where substantial benefits will accrue to the economy, exemption from compliance with the mandatory or restrictive clauses of the above requirements may be allowed by the DITTB after evaluation on a case-by-case basis.

Recent amendments on the implementing rules and regulations require that trademark license agreements 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. If the license contract does not provide for such quality control, or if such quality control is not effectively carried out, the license contract is not valid.

A party may request for a preliminary review with the DITTB to determine compliance with the mandatory and prohibited clauses of the IP Code. A certificate of clearance shall be issued if the Bureau does not find any violation, and the agreement shall then be recorded.

In the case of trademark or patent license agreements, the clearance with the DITTB is required prior to recordal.

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?

The parties' rights are determined by the contract. In the absence of any contrary provision, the licensor may grant further licenses to a third party.

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

For patent infringement, the first offense is not punishable by imprisonment. However, for a repeat offense, the offender 'shall suffer imprisonment of six (6) months to three (3) years and a fine of ₱100,000.00 to ₱300,000.00.' (Section 84, IP Code)

Under Section 170 of the IP Code, a criminal penalty of imprisonment from two (2) years to five (5) years and a fine ranging from ₱50,000 to ₱200,000.00 shall be imposed on any person found guilty of trademark infringement.

For copyright infringement, the penalty is imprisonment of one (1) year to three (3) years plus a fine ranging from ₱50,000 to ₱150,000 for the first offense; imprisonment of three (3) years and one (1) day to six (6) years plus a fine ranging from ₱150,000 to ₱ 500,000 for the second offense; imprisonment of six (6) years and one (1) day to nine (9) years plus a fine ranging from ₱ 500,000 to ₱ 1,500,000 for the third and subsequent offenses.

17. What other enforcement options are available for each of the intellectual property rights described above? For example, civil court proceedings, intellectual property office proceedings, administrative proceedings, alternative dispute resolution.

Civil actions for violations of intellectual property rights may be filed with regional trial courts designated as special commercial courts that can facilitate a court-annexed mediation and judicial dispute resolution.

Criminal cases are commenced by an information filed by the Prosecutor on the basis of a prior verified criminal complaint and conduct of a preliminary investigation.

An administrative case for infringement with the Intellectual Property Office Bureau of Legal Affairs may be filed, where the total amount of damages claimed is at least ₱200,000.

The parties may opt to submit to arbitration their intellectual property disputes in accordance with the Rules of Procedure for IPOPHL Arbitration Proceedings (Office Order No. 61).

Under Office Order 13-170, the IPR Enforcement Office of

the IPO can issue visitorial, mission, and compliance orders on the basis of a complaint of an intellectual property right violation and provided that there is no pending case before any office, tribunal, or court involving the same issue or subject matter.

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

Any case with the Bureau of Legal Affairs will usually be resolved anytime within eight (8) months to two (2) years. The cost of legal fees may range between US\$5,000 to US\$10,000.00.

With the local courts, the resolution of cases (civil or criminal) may take anytime from two to three years. The legal fees may range between US\$5,000 to US\$20,000.

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.

The special commercial court of the regional trial court (RTC) where any of the elements of infringement occurred have jurisdiction over infringement cases.

For criminal actions, a prior verified complaint must first be filed with the Department of Justice or the Office of the Prosecutor for preliminary investigation. Once the investigating prosecutor determines that there is sufficient ground to hold the respondent for trial, an information is filed with the competent court, along with the judicial affidavits of witnesses and other evidence. After ten (10) days from the filing of the information, the judge can issue a warrant of arrest upon a finding of probable cause. In case of doubt on the existence of probable cause, the judge may order the prosecutor to present additional evidence within five (5) calendar days from notice and the issue must be resolved by the court within fifteen (15) calendar days from the presentation of additional evidence. Following this, the judge will conduct an arraignment of the accused along with the pre-trial of the case. This is followed by court-annexed mediation on the civil aspect of the criminal action (30 days). After mediation, each party has sixty (60) days to present their evidence, and once trial has terminated, the parties are to submit their respective memoranda within thirty (30) days. The court will promulgate judgment sixty (60) days from the time the case is submitted for decision with or without the memoranda.

The decision is appealable to the Court of Appeals through a notice of appeal with the RTC that rendered the judgment.

For purely civil actions, the verified complaint together with the judicial affidavits may be filed directly with the regional trial courts designated as special commercial courts. The 2020 Revised Rules of Procedure for Intellectual Property Rights requires that the complaint and the answer thereto to include their supporting evidence. Summons is served on the defendant not later than five days from receipt of complaint by the court. The service of summons includes an order requiring the defendant to file an answer within thirty (30) calendar days from receipt of the summons. The 2020 IPR Rules now allow extraterritorial service of summons as provided for in international conventions to which the Philippines is a party. Modes of discovery are available to the parties after the answer is filed and served, followed by pre-trial and court-annexed mediation. If mediation fails and the court is convinced that settlement is still possible, the case may be referred to another court for judicial dispute resolution (JDR). The court may deem it unnecessary to hold trial, and should the parties fail to compromise, the case may be submitted for decision on the basis of position papers. If trial is necessary, the same may commence at the time allotted in the pre-trial order. Each party is given only thirty (30) days to present their evidence, after which the parties are to submit their memoranda and/or respective draft decisions. The court's decision is appealable to the Court of Appeals, through a petition for review under Rule 43 of the Rules of Court, taken within 15 calendar days from notice of the decision or final order of the RTC. Unless an injunction is issued, the court's decision shall be executory even pending appeal.

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

Intellectual property rights may be recorded with the Bureau of Customs (BOC), which is valid for a period of two years. The BOC may issue alert or hold orders against imports suspected to contain infringing goods and conduct random inspection of goods/shipment under existing regulations.

21. 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.

Administrative complaints for violations of laws involving intellectual property rights and all appellate proceedings with the IPO-BLA are required to undergo mandatory mediation proceedings as provided by the IPOPPL's Rules of Procedure for IPO Mediation Proceedings.

In civil and criminal actions, the parties are required to participate in court-annexed mediation. If the case was not successfully settled in court-annexed mediation, the parties may undergo Judicial Dispute Resolution wherein the JDR Judge employs conciliation, mediation, or early neutral evaluation in order to settle a case at the pre-trial stage. In the event the JDR fails, then another judge (the Trial Judge) shall proceed to hear and decide the case.

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

The parties may enter into a settlement agreement, which — if not contrary to law, morals, or public policy — is valid and enforceable between them.

23. What is required to establish infringement of each of the intellectual property rights described above? What evidence is necessary in this context?

For trademark infringement, it is necessary to establish confusing similarity. In determining the likelihood of confusion, the court has adopted the dominance test and abandoned the holistic test in the en banc 2021 case of Kolin Electronics Co. Inc v. Kolin Philippines International, Inc. (1) The dominance test focuses on the adoption of the dominant features and consider more the visual, aural, connotative comparisons and overall impressions created by the marks in the public mind; (2) A likelihood of confusion is presumed when the identical mark is used for identical goods or services; and (3) It is unnecessary to prove absolute certainty of or actual confusion

In an action for unfair competition, it is necessary to establish intent to deceive and defraud. Actual fraudulent intent need not be proved.

In copyright infringement actions, copyright is presumed to subsist in the work and that the copyright belongs to the complainant who claims ownership through an affidavit evidence.

For patent infringement, it is necessary to prove that the essential or substantial features of the patented invention are taken or appropriated, or the device, machine or other subject matter alleged to infringe is substantially identical with the patented invention. In order to infringe a patent, a machine or device must perform the same function, or accomplish the same result by identical or substantially identical means and the principle or mode of operation must be substantially the same.

As regards plant varieties, it is necessary to prove that the plant cannot be distinguished from a protected plant variety or varieties which are essentially derived from a protected variety (in terms of characteristics resulting from a given genotype or a combination of genotypes).

The quantum of evidence varies depending on the action. Civil actions require preponderance of evidence. The quantum of evidence required in an administrative action before the IPOPPL is less than that required in a criminal action. Substantial evidence or such relevant evidence that a reasonable mind might accept as adequate to support a conclusion is required in administrative actions in contrast to the required proof beyond reasonable doubt in criminal actions.

24. How does the court acquire any necessary information (fact or technical) and in what circumstances does it do so? In particular 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? b) What mechanisms are available for compelling the obtaining and protecting of evidence? Is disclosure or discovery available?

a) The court may consider the propriety of the referral of factual issues to a committee of experts. In patent infringement cases, the court, motu proprio or upon a party's motion, may appoint an expert or order the creation of a committee of three experts to provide advice on the technical aspects of the patent in dispute.

The parties may likewise present their own expert witness/es during the trial. The testimony of the expert witness/es will be subject to cross-examination conducted by the opposing counsel, and re-direct and re-cross examination, if necessary.

b) A party can avail of the modes of discovery (such as deposition upon oral and written interrogatories,

production or inspection, request for admission) in accordance with the Rules of Court and compliance with any mode of discovery is required within 10 calendar days from receipt of the request unless there are objections, and if so, from notice of the court's ruling. Appropriate sanctions may be imposed for non-compliance under the Rules of Court.

25. 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?

The court evaluates the weight and sufficiency of the evidence submitted by the parties. If the case is to be submitted on the basis of the position papers, the court shall render a judgment on the basis of the judicial affidavits and documentary evidence submitted by the parties. If the court deems it necessary to hold a trial, the witnesses are subjected to cross-examination. The parties make an offer of documentary evidence after the completion of the presentation of evidence of the party concerned and the court makes a ruling on the admissibility of the evidence and defendant's objections to the offer of evidence. On the other hand, the offer of testimonial evidence is made prior to the presentation of the witness.

The 2020 IPR Rules further provide guidelines on admissibility of evidence, such as (a) fraudulent intent on the part of the defendant or the accused need not be established in patent, trademark, and copyright infringement. Good faith is not a defense unless the defendant or the accused claims to be a prior user; (b) Foreign official documents, kept in a foreign country which is a party to a treaty or convention to which the Philippines is a party, are admissible; (c) Electronic document which is compliant with the Rules on Electronic Evidence is admissible.

In the 2020 IPR Rules, it is stated that likelihood of confusion is presumed in case an identical sign or mark is used for identical goods or services while in other cases, the court must consider the general impression of the ordinary purchaser, buying under the normally prevalent conditions in trade, and giving the attention such purchasers usually give in buying that class of goods.

A market survey is also admissible under the 2020 IPR Rules. A party may offer in evidence to prove (a) the primary significance of a mark to the relevant public, including its distinctiveness, its descriptive or generic status, its strength or well-known status and/or (b)

likelihood of confusion.

26. What defences to infringement are available?

Since the gravamen of infringement is confusing similarity, proof that confusion is unlikely will negate an infringement claim.

Section 159.1 of the IP Code provides the limitations to actions for trademark infringement which include prior use in good faith for purpose of the business or enterprise, use by an innocent infringer who is engaged solely in the business of printing the mark or other infringing materials for others, and where a publisher or distributor has published the infringing material, an injunction against future publications. Other available defenses include laches or acquiescence.

The fair use of the copyrighted work for criticism, comment, news reporting, and teaching is a defense in a copyright infringement action.

For patents and utility models, the defendant may show the invalidity of the patent, or any claim thereof, on any of the grounds on which a petition of cancellation can be brought. The defendant/accused/respondent may raise that the doctrine of equivalents has not been met, meaning that the function-means-and-result test has not been satisfied or that the principle mode of operation are not the same or not substantially the same. The surrender of the patent or the absence/ lapse/expiration of protection may likewise be raised.

For plant varieties, the following defenses are available: (a) non-infringement; (b) the plant variety does not possess at the time of its application criterion of novelty or distinctness; (c) the alleged infringement was performed under a right adverse to it, prior to the notice of infringement; and/or (d) other defenses that are made available to the defendant under the Philippine Plant Variety Protection Act of 2002 (e.g., priority, not a protected variety, etc.).

It must be emphasized that intent need not be proved in infringement cases. Hence, good faith is not a defense.

27. Who can challenge each of the intellectual property rights described above?

Patents – Any person may present observations in writing within six (6) months from the date of publication of the application or from the request for substantive examination filed by the applicant, whichever comes

later, concerning the patentability of the invention including matters pertaining to novelty, inventive step, and industrial applicability while citing relevant prior art. The observation and comments, as well as discussion in the conferences, shall be taken into consideration in examining the patent application.

Utility models and industrial designs – these cannot be challenged by a third party.

Plant varieties – Any person who believes that the applicant is not entitled to the grant of the Certificate of Plant Variety Protection may file an opposition thereto on any of the following grounds: (a) that the person opposing the application is entitled to the breeder's right as against the applicant; and (b) that the variety is not registrable under the Philippine Plant Variety Protection Act.

Trademarks – Any person who believes that he or she would be damaged by the registration of a mark may file a notice of opposition to a trademark application or a petition for cancellation to a trademark registration.

Additionally, any intellectual property right owner or anyone possessing any exclusive right, title or interest under claim of ownership in an intellectual property right, or an exclusive licensee to a copyright, whose right may have been violated may commence a civil or criminal action under the 2020 Revised Rules of Procedure for Intellectual Property Rights Cases.

28. 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)?

Patents – A third party observation may be made within six (6) months from the date of publication of the application.

Plant Varieties – an opposition may be filed within sixty (60) days from the date of its publication in the Plant Variety Gazette from the date of its publication and before the issuance of the Certificate of Plant Variety Protection.

Trademarks – A party may file an opposition to a trademark application within 30 days from its publication in the IPO eGazette.

If the petition to cancel a trademark is based on the ground of confusing similarity, the petition must be filed within five (5) years from the date of registration. Otherwise, the Petition may be filed at any time during the subsistence of the trademark registration.

29. 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 forum to file a petition to cancel a patent or trademark registration is the IPO Bureau of Legal Affairs.

Patents:

A patent registration may be cancelled based on any of the following grounds: (a) The invention is not new and 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.

A utility model registration may be cancelled based on the following grounds: (a) That the utility model does not qualify for registration as a utility model and does not meet the requirements of novelty and industrial applicability or it is among the non-registrable utility models; (b) That the description and the claims do not comply with the prescribed requirements; (c) That any drawing which is necessary for the understanding of the utility model has not been furnished; and (d) That the owner of the utility model registration is not the maker or his successor in title.

An industrial design registration may be cancelled on the following grounds: (a) If the subject matter of the industrial design is not registrable under the IP Code; (b) If the subject matter is not new; or (c) If the subject matter of the industrial design extends beyond the content of the application as originally filed.

If the ground is based on cancellation due to a patent application filed by persons not having the right to a patent or on the ground that the applicant is declared as the true and actual inventor, the case may be filed with the courts. If the said grounds have been alleged with the grounds mentioned in the previous paragraphs in an administrative case before the BLA, they are prohibited from filing a separate case before the courts.

Trademarks:

A trademark cancellation action may be anchored on the any of the following grounds: (a) the registered mark becomes the generic name for the goods or services; (b) abandonment; (c) its registration was obtained fraudulently or contrary to the provisions of the IP Code; (d) the registered mark is used to misrepresent the source of the goods or services; and (e) where the mark has not been used or licensed for an uninterrupted

period of three years or longer.

The opposition may be on a claim of confusing similarity to a mark that has been filed first, with a claim of priority, or a mark that is well-known internationally and in the Philippines.

30. Are there any other methods to remove or limit the effect of any of the intellectual property rights described above, for example, declaratory relief or licences of right?

Intellectual property rights may be the subject of a license agreement.

31. What remedies (both interim and final) are available for infringement of each of the intellectual property rights described above?

The following remedies may be availed: (i) preliminary and final injunction; (ii) damages which include the reasonable profit which the complainant would have made had there been no infringement; (iii) destruction of infringing goods and materials; and (v) imposition of fines.

The court, during the pendency of the action, may order the sales invoices and other sales documents to be impounded.

The intellectual property holder may apply ex parte for the issuance of a writ of search and seizure to for the search, inspection, copying, photographing, audio and audiovisual recording or seizure of any document and article specified in the order.

32. 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?

Filing fees, investigation fees, storage fees, attorney's fees and costs of litigation ranges from US\$5000 to US\$10,000.

Attorney's fees and costs of suit may be awarded in accordance with Article 2208 of the New Civil Code.

A bond conditioned on the applicant's undertaking to

pay the costs which may be adjudged to the defendant all damages the latter may sustain by reason of the issuance of the writ of search and seizure.

33. Has the COVID-19 pandemic caused any changes (temporary or permanent) to the protection or enforcement of intellectual property? For example, changes to deadlines, filing or evidence requirements or court processes.

The IPO Philippines shifted to electronic filing and payment for the following services: (a) trademark applications/trademark-related transactions/documentary submissions through eTMfile; (b) applications for new patents through eInventionFile, utility models through eUMfFile and industrial designs through eIDFile; (c) requests and submission of responses to IPOPHL communications and other documents; (d) settlement of payments, not exceeding ₱100,000.00. However, for applications for inventions with file size above 10MB, applications are filed via mail or courier. IPO Philippines Bureaus, offices and transactions without existing online filing systems continue with filings manually/personally or via e-mail, postal mail or private courier.

The IPO Philippines, through Memorandum Circular Nos. 2020-031 and 2020-034 implemented the mandatory electronic filing of pleadings, motions, requests for hearings and mediations, appeals and online payment of fees in Inter Partes Cases (IPC) and IP Rights Violation Cases.

Consequently, the IPO also suspended the requirement on submission of a flash drive/USB in IPC's in Memorandum Circular No. 2021-012 (April 15, 2021). Previously, parties were asked to submit soft copy PDF or Word files of the pleadings and supporting documents. Hard copies of evidence, however, are still required to be submitted ten (10) days prior to the schedule of a preliminary conference.

Given the allowance of electronic filing, there have been no changes to statutory deadlines.

The Memorandum Circular 2022-013 or the Amended Rules and Regulations on Inter Partes Proceedings, which took effect on June 30, 2022, in response to the challenged posed by Covid-19, adopted the filing of a single pleading for opposition or petition involving more than one (1) application or registration, provided that it involves the same parties and each application or registration or patent opposed or sought for cancellation shall constitute one and distinct case.

Contributors

Maria Theresa C. Gonzales
Partner

tcgonzales@veralaw.com.ph



Daphne Ruby B. Grasparil
Partner

dbgrasparil@veralaw.com.ph



Leonette Marie L. Gonzaga
Associate

llgonzaga@veralaw.com.ph



Jai Andrew E. Puno
Associate

jepuno@veralaw.com.ph

