



The Legal 500 Country Comparative Guides

Philippines

INTELLECTUAL PROPERTY

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

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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 bestow an exclusive right to an inventor over a product, process or an improvement of a product or process which is new, inventive and useful.
- Utility Models are any technical solutions to a problem in any field of human activity which is new and industrially applicable, and may relate to a product, process, or any improvement thereof. Inventive step is not a requirement.
- Trade Secrets - The Intellectual Property Code of the Philippines recognizes "protection of undisclosed information" as an intellectual property right. Philippine Jurisprudence defines trade secrets 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. Jurisprudence has

consistently acknowledged the private character of trade secrets, which may not be the subject of compulsory disclosure by reason of its confidential and privileged character.

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);

- A Trademark is a word, a group of words, sign, symbol, logo or a combination thereof that identifies and differentiates the source of the goods or services of one entity from those of others. A stamped or marked container of goods also qualifies as a trademark or service mark.

One has a cause of action for unfair competition against a party who employs deception or any other means contrary to good faith to pass off his own goods or services as those of one who has an established goodwill.

- Geographical Indications are signs or indications used on a product to identify the specific place from which the product is made. Geographical indications, association marks, certification marks and hallmarks are covered by the same mantle of protection for trademarks.

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 Copyright is the legal protection extended to the owner of the rights in an original work. "Original work" refers to every production in the literary, scientific and artistic domain.
- An Industrial Design is the ornamental or

aesthetic aspect of an article, which may be three-dimensional features (shape or surface of an article), or the two-dimensional features (patterns or lines of color)..

- Layout-Design of Integrated Circuits means 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 Protection: These are rights of breeders over their new plant variety, which are new, distinct, uniform or stable.

- Geographical Indications: Same as trademarks.
- Plant Variety Protection: Twenty (20) or twenty-five (25) years.

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?

- Patents: Twenty (20) years from the filing date without extension.
- Utility Models: Seven (7) years from the date of the filing of the application, without possibility of renewal.
- Industrial Designs: Five (5) years from the filing date of the application, renewable twice for similar five (5) year in each instance.
- Layout-Design of Integrated Circuits: Ten (10) years to be counted from the date of commencement of the protection accorded to the layout-design. The protection of a layout-design shall commence:
 1. On the date of the first commercial exploitation, anywhere in the world, of ; Provided, That an application for registration is filed with the IPOPHL within two (2) years from such date of first commercial exploitation; or
 2. On the filing date accorded the application for the registration of the layout-design, if no prior commercial exploitation.

Trademarks: Ten (10) years from the date of grant, renewable indefinitely for ten (10) year terms at each instance.

Copyright: From the moment of creation until fifty (50) years after the death of the author .

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

In the course of employment, the employee is the owner if the work is not part of the employee’s regular duties even if he uses the time, facilities and materials of the employer. The employer is the owner if the work is the result of the performance of the employee’s regularly assigned duties, unless otherwise agreed upon.

If the work was commissioned, the one who commissioned the work owns the rights to the intellectual property.

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

Our law provides for the registration of invention patents, utility models, trademarks, industrial designs, layout-design of integrated circuits and plant varieties. Copyright owners may also opt to have their copyrights registered.

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

Invention Patents

The inventor, his heirs or his assignees may apply for patent registration. A filing date will be granted for as long a request providing details of applicant is submitted together with the complete text of the description, claims, and drawings (if any).

After filing, the application undergoes formality examination. The patent application is published after 18 months from the filing date. Publication can be as early as 6 months from filing date if request for early publication is made..

After the lapse of six (6) months from publication, and if no adverse information is submitted against the issuance of a patent by interested third parties, the application

undergoes substantive examination. A patent issues once the application passes substantive examination.

Utility Models

Utility Models undergo expedited examination on formalities and patentability with less stringent requirement for inventive step. There is no substantive examination, but applicant may optionally request the issuance of a registrability report.

Design Patents

Expedited formality examination leads to registration. There is no substantive examination, but applicant may optionally request the issuance of a registrability report.

Trademarks

Any person may apply to register a trademark.

The trademark application is assigned to an Examiner who conducts examination. The Examiner may issue a Registrability Report detailing the concerns that the applicant must address. The applicant has a period of two (2) months to file a response.

Trademark applications are published for opposition after examination on the merits. Oppositions must be filed within thirty (30) days from the date of release of the publication. If no third party files a Notice of Opposition or requests for an extension of time to file said Notice of Opposition within thirty (30) days, the application will proceed to registration.

6. How long does the registration procedure usually take?

Patents, Utility Model and Industrial Design

Patents for invention - Five (5) years on the average depending on the complexity of the subject matter. The examination process is shortened if the Examiner invites applicant to conform the Philippine application to a corresponding application that has already been allowed in another jurisdiction.

Utility Models and Industrial Designs - twelve (12) to eighteen (18) months from date of application.

Trademarks - approximately eight (8) to twelve (12) months from date of application.

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

process?

For patent applications, a period of six (6) months from date of publication or from the request for substantive examination, whichever is later, is available for third parties to file their written observations against patentability.

For trademark applications, third parties have a period of thirty (30) days from date of publication in the Gazette to either file a Notice of Opposition or a request for a thirty (30) day extension to file said Notice.

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

Patents, Utility Model and Industrial Design

In case of a final refusal issued by the examiner, the applicant may appeal to the Director of Patents.

Trademarks

In case of a final refusal by the trademark examiner, the applicant may appeal to the Director of Trademarks.

Inter Partes Cases

For inter-partes cases (i.e. opposition and cancellation cases), the decision of the Adjudication Officer of the Bureau of Legal Affairs may be appealed to the Director of Legal Affairs within a period of ten (10) days. The decision of the Director of Legal Affairs may then be elevated to the Director-General of the Intellectual Property Office of the Philippines (IPOPHL).

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

Patents:

Application: The current Official Fee is Php 4,320.00 for an application with five (5) claims or less. For each claim in excess of five (5), the Official Fee will increase by Php 360.00.

If the application claims priority, the Official Fee will increase by Php 2,160.00 per priority claim.

Renewal: The Official Fee for the first annuity payment (due after the expiration of four (4) years from the date of publication of the application) is Php 3,240.00 if the application has five (5) claims or less. For each claim in excess of five (5), the Official Fee will increase by Php

420.00.

The amounts indicated increase annually until expiration or withdrawal of the patent.

Utility Innovation:

Application: The basic Official Fee is Php 3,600.00.

Trademarks:

Application: The Official Fee is Php 2,592.00 per class covered by the application. Requesting for priority examination is subject to a premium of Php 6,240.00.

Renewal: The Official Fee is Php 6,600.00 per class.

Industrial Design:

Application: The basic Official Fee is Php 3,600.00, with an additional Php 1,800.00 per embodiment in excess of the first.

Extension: The Official Fee is Php 2,160.00 for the first extension and Php 4,320.00 for the second

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?

Patents, Utility Model and Industrial Design

If the annual fee is not paid prior to or on the due date, the patent holder is given a grace period of six (6) months to pay the required fee plus surcharge.

Trademarks

If the deadline to request for renewal of the registration and to pay the required fees lapses, the trademark holder is given a grace period of six (6) months to request for renewal and to pay the required fee plus surcharge.

If annual fee in case of patent or the renewal fee in case of trademark is not paid, the patent or trademark, as the case may be, lapses.

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

A notarized deed of assignment of the application or registration signed by the parties must be submitted for recordal before the IPOPHL. A power of attorney in favor

of a local agent is also required..

Transfers by mergers or other forms of succession may be evidenced by the deed of merger or by any document supporting such transfer, i.e., commercial register extracts (with English translation where applicable).

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?

There is no strict requirement to register an assignment. However, assignments and transfers shall have no effect against third parties until they are recorded before the IPOPHL.

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

A duly executed license agreement between the parties is required for the licensing of intellectual property.

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?

Recordation or registration of the license agreement is not mandatory, but recommended in order to bind third parties and to give licensee standing to sue in case of suit. If the license agreement lacks mandatory required clauses or contains restrictive provisions, the license agreement must be registered before the Documentation Information and Technology Transfer Bureau (DITTB) as an exempt agreement. In exceptional or meritorious cases where substantial benefits will accrue to the economy from the operation of the license agreement, the agreement maybe exempted from the need to comply with the requirements on mandatory or restrictive clauses. A draft license agreement may be submitted for review by the DITTB to determine whether registration as an exempt agreement is necessary. In the case of trademarks, the clearance by the DITTB is mandatory for recordal of the license against a trademark registration.

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?

Rights of licensees are primarily determined by contract.

In general, an exclusive licensee will have better rights to enforce against the entry of gray market imports.

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

Criminal sanctions are available for specific Intellectual Property Violations in the Philippines, which are initiated by filing a criminal complaint with the court of competent jurisdiction.

For patents, utility models and industrial designs, criminal action for repetition of infringement is available and the infringer may suffer imprisonment for a 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 Pesos (approximately USD\$2,000.00) but not more than Three Hundred Thousand Pesos (approximately USD\$6,000.00).

In cases for trademark infringement, unfair competition, false designations of origin and false description or representation criminal, sanctions may consist of imprisonment from two (2) years to five (5) years and a fine ranging from Fifty Thousand Pesos (approximately USD\$1,000.00) to Two Hundred Thousand Pesos (approximately USD\$4,000.00) shall be imposed.

For copyright infringement, the infringer may suffer imprisonment ranging from one (1) year to nine (9) years plus a fine ranging from Fifty Thousand Pesos (approximately USD\$1,000.00) to One Million Five Hundred Thousand Pesos (approximately USD\$30,000.00), depending on the frequency of offenses. The penalty will depend on the value of the infringing materials that the infringer has produced and the damage that the copyright owner has suffered.

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 court proceedings are available and are brought before regional Trial Courts designated as Special

Commercial Courts which also facilitate Court Annexed Mediation and Judicial Dispute Resolution..

Simultaneously with the civil and criminal actions, administrative cases may be instituted before the IPOPHL.

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

Civil and criminal proceedings usually take a minimum of two (2) to three (3) years before a decision is rendered by a Regional Trial Court. The cost of legal fees, , may range from USD\$10,000.00 to USD\$20,000.00.

Administrative cases usually take at least a year before a decision is rendered. The cost of legal fees, is around USD\$6,000.00 to USD\$10,000.00.

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.

For criminal actions, a Complaint-Affidavit must be filed before the Office of the Public Prosecutor. The Public Prosecutor will issue a subpoena to the respondent and require submission of a Counter-Affidavit after which he shall determine if there is probable cause to proceed with the case before the courts. If he finds probable cause, the case is then forwarded to the courts for trial.

Civil cases are brought directly to the court by filing a Complaint. In both criminal and civil cases, the order of trial is presentation of plaintiff's evidence followed by defendant's presentation of his defence or counterclaim. Thereafter, the parties are given the chance to present rebuttal evidence before submitting the case for resolution.

Trial takes at least a year and a half and another year for the court to render judgment. Thereafter, the judgment of the Regional Trial Court may be appealed to the Court of Appeals and may further be elevated to the Supreme Court.

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

The Bureau of Customs (BOC) provides for three specific measures against infringing goods:

1. Accept applications for Intellectual Property Rights (IPR) recordation. Recordation shall be valid for two (2) years. The BOC shall monitor and inspect on its own initiative suspect imports to determine whether or not they are liable to seizure and/or forfeiture.
2. Issue Alert or Hold Orders for non-registered Intellectual Property Rights against any importation suspected to contain infringing goods.
3. Conduct random checks on its own initiative in connection with the discharge of its police functions over imports and exports.

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.

There are no mandatory non-court enforcement options. However, mediation or arbitration is mandatory once the action is filed with the IPOPPL and/or Regular Courts before further proceedings are conducted.

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

Judicial or extra-judicial settlement and/or compromise agreement are recognized in the Philippines provided there are no provisions contrary to law, morals, good customs, public order & public policy.

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, a finding of confusing similarity or colourable imitation is required. Visual, aural, connotative comparisons and overall impressions engendered by the marks in controversy as they are encountered in commerce, are weighed. .

In an action for unfair competition, the intent to defraud or deceive shall be clearly shown..

In copyright infringement cases, ownership shall be presumed to belong to complainant if he so claims through affidavit evidence, unless defendant disputes it

and shows contrary proof.

Criminal cases require proof beyond reasonable doubt. Proof beyond reasonable doubt means proof that is close to an absolute certainty. Civil cases require preponderance of evidence. It is evidence which is more convincing to the court as worthy of belief than that which is offered in opposition thereto. Administrative cases require only substantial evidence or such amount of relevant evidence which a reasonable mind might accept as adequate to support a conclusion.

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?

Regional Trial Courts acting as Special Commercial Courts, are trained in the field of Intellectual Property Rights, to handle civil and criminal cases involving intellectual property cases. The court, motu proprio or upon motion of a party or by agreement of the parties, may order the creation of a committee of experts to provide advice on the technical aspects of the dispute.

The court may also request the IPOPPL to assist when there is highly technical evidence of subject matter.

Modes of Discovery (e.g. depositions, interrogatories, request for admission, production or inspection of documents or physical and mental examination) are allowed for administrative, civil and criminal actions involving intellectual property violations.

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 courts make an evaluation of the weight and sufficiency of the evidence presented, both testimonial and documentary. In civil, criminal and administrative cases, parties are initially allowed to present evidence to

support their claim or defence during trial. Thereafter, each party is allowed to conduct cross-examination and rebuttal of evidence.

26. What defences to infringement are available?

The following defenses may be raised in patent infringement cases:

1. That what is claimed as the invention is not new or patentable;
2. 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;
3. That the patent is contrary to public order or morality;
4. The use of the patent is with the consent of the owner;
5. The act is done for private purpose and not done on a commercial scale; or
6. The use is for experimental or medical preparation purpose.

The following defenses are available in cases of trademark infringement, unfair competition, false designation:

1. Prior use of the mark in good faith (in the case of a charge for unfair competition) in relation to business or enterprise;
2. Innocent infringer with respect to printing business and paid advertisement;
3. Laches;
4. Doctrine of "unclean hands" and trademark misuse;
5. Fraud in obtaining the registration; or
6. The use is with the consent of the owner.

The following defenses may be raised in copyright infringement cases:

1. Doctrine of "fair use";
2. The infringement was innocent and that the infringer had no reason to know the work was protected;
3. The infringing work was independently created; or
4. The use is with the consent of the owner.

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

An interested third party.

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)?

A cancellation action may be filed against a patent or a trademark registration during their subsistence. Third party opposition proceedings may be initiated against a published patent application.

An opposition to a trademark application may be filed within thirty (30) days from its publication.

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 is the IPOPHL and the procedure is to file a verified petition to cancel a patent or a trademark registration.

Grounds for patent cancellation may be: (a) that the invention is not new or patentable; (b) the patent does not disclose the invention clearly and completely; or (c) that the patent is contrary to public order or morality.

A petition to cancel trademark registration may be based on: (a) the registered mark becoming the generic name for the goods or services; (b) abandonment of the mark or its registration was obtained fraudulently; (c) the use of the mark misrepresents the source of the goods or services; or (d) the registered owner does not use the mark for an uninterrupted period of three (3) years.

An opposition to a trademark application may succeed on grounds of confusing similarity with a prior mark or an internationally well-known mark.

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?

All the intellectual property rights may be subject to license at the option of the rights holder. For patents, compulsory licensing may be granted by the IPOPHL as stated in D 13 above. REMEDIES

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

A rights owner may recover damages from any person who infringes his rights. The court may award attorney’s fees and other expenses of litigation. Upon a proper showing by the complainant, the court may issue an injunction for protection of the rights holder, either temporary, during the pendency of the action, or permanent. The court may order infringing goods, materials, and implements to be disposed of outside commercial channels or destroyed without compensation and impound sales invoices and other sales documents during the pendency of the action.

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?

Costs include investigation fees, expenses for coordination with relevant government agencies to conduct test-buy and apply for search warrant, storage fees, attorney’s fees and expenses of litigation. Enforcement costs may range from US\$ 5,000 to US\$

10,000. Cost of litigation will vary greatly depending on the extent of the infringement and the length of the proceedings, including appeal. Cases tend to get settled, but recovery on settlement would rarely exceed US\$20,000.

If the case goes to trial through to a decision, attorney’s fees and expenses of litigation may be awarded by the court. A bond may be required by the court to secure a party against the adverse effects of a case.

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.

Deadlines to file papers, pleadings, and documents have been extended due to the COVID-19 pandemic and the IPOPHL now accepts scanned copies of original documents. At the time of this writing, the greater part of the Philippine capital where most government and private offices are located is under quarantine and legal practice has shifted to online modes of meetings and transactions. The IPOPHL has reacted by limiting manual filing of papers and making online filing the default mode. It remains to be seen how the pandemic will permanently change the practice of intellectual property.

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