

Chambers



GLOBAL PRACTICE GUIDE

Definitive global law guides offering
comparative analysis from top-ranked lawyers

Patent Litigation

Philippines

Law and Practice

Bienvenido I. Somera, Jr., Ma. Sophia Editha C. Cruz-Abrenica,
Mark Leo P. Bejemino and Glaiza F. Narvacan
Villaraza & Angangco

chambers.com

2020

PHILIPPINES

Law and Practice

Contributed by:

Bienvenido I. Somera, Jr., Ma. Sophia Editha C.

Cruz-Abrenica, Mark Leo P. Bejemino and Glaiza F. Narvacan

Villaraza & Angangco



Contents

| | | | | | |
|---|---|--|-------------------------------------|---|------|
| 1. Intellectual Property Rights & Granting Procedure | p.4 | 3.5 | Role of Experts | p.10 | |
| 1.1 | Types of Intellectual Property Rights | p.4 | 3.6 | Procedure for Construing the Terms of the Patent's Claim | p.10 |
| 1.2 | Grant Procedure | p.4 | 4. Revocation/Cancellation | p.10 | |
| 1.3 | Timeline for Grant Procedure | p.4 | 4.1 | Reasons and Remedies for Revocation/Cancellation | p.10 |
| 1.4 | Term of Each Intellectual Property Right | p.5 | 4.2 | Partial Revocation/Cancellation | p.10 |
| 1.5 | Rights and Obligations of Owner of Intellectual Property Right | p.5 | 4.3 | Amendments in Revocation/Cancellation Proceedings | p.10 |
| 1.6 | Further Protection After Lapse of Maximum Term | p.5 | 4.4 | Revocation/Cancellation and Infringement | p.10 |
| 1.7 | Third-Party Rights to Participate in Grant Proceedings | p.6 | 5. Trial & Settlement | p.10 | |
| 1.8 | Remedies Against Refusal to Grant Intellectual Property Right | p.6 | 5.1 | Special Procedural Provisions for Intellectual Property Rights | p.10 |
| 1.9 | Consequences of Failure to Pay Annual Fees | p.6 | 5.2 | Decision Makers | p.11 |
| 2. Initiating a Lawsuit | p.6 | 5.3 | Settling the Case | p.11 | |
| 2.1 | Actions Available Against Infringement | p.6 | 5.4 | Other Court Proceedings | p.11 |
| 2.2 | Third-Party Remedies to Remove Effects of Intellectual Property | p.6 | 6. Remedies | p.11 | |
| 2.3 | Courts with Jurisdiction | p.7 | 6.1 | Remedies for the Patentee | p.11 |
| 2.4 | Specialised Bodies/Organisations for the Resolution of Disputes | p.7 | 6.2 | Rights of Prevailing Defendants | p.11 |
| 2.5 | Prerequisites to Filing a Lawsuit | p.7 | 6.3 | Types of Remedies | p.11 |
| 2.6 | Legal Representation | p.7 | 6.4 | Injunctions Pending Appeal | p.11 |
| 2.7 | Interim Injunctions | p.7 | 7. Appeal | p.11 | |
| 2.8 | Protection for Potential Opponents | p.8 | 7.1 | Special Provisions for Intellectual Property Proceedings | p.11 |
| 2.9 | Special Limitation Provisions | p.8 | 7.2 | Type of Review | p.12 |
| 2.10 | Mechanisms to Obtain Evidence and Information | p.8 | 8. Costs | p.12 | |
| 2.11 | Initial Pleading Standards | p.8 | 8.1 | Costs Before Filing a Lawsuit | p.12 |
| 2.12 | Representative or Collective Action | p.9 | 8.2 | Calculation of Court Fees | p.12 |
| 2.13 | Restrictions on Assertion of Intellectual Property Right | p.9 | 8.3 | Responsibility for Paying Costs of Litigation | p.12 |
| 3. Infringement | p.9 | 9. Alternative Dispute Resolution | p.12 | | |
| 3.1 | Necessary Parties to an Action for Infringement | p.9 | 9.1 | Type of Actions for Intellectual Property | p.12 |
| 3.2 | Direct and Indirect Infringement | p.9 | 10. Assignment and Licensing | p.12 | |
| 3.3 | Scope of Protection for an Intellectual Property Right | p.9 | 10.1 | Requirements or Restrictions for Assignment of Intellectual Property Rights | p.12 |
| 3.4 | Defences Against Infringement | p.10 | | | |

PHILIPPINES CONTENTS

| | | |
|------|---|------|
| 10.2 | Procedure for Assigning an Intellectual Property Right | p.12 |
| 10.3 | Requirements for Restrictions to License an Intellectual Property Right | p.12 |
| 10.4 | Procedure for Licensing an Intellectual Property Right | p.12 |

1. Intellectual Property Rights & Granting Procedure

1.1 Types of Intellectual Property Rights

The Philippine legal system provides protection to inventions, utility models and industrial designs. The basis for protection is primarily statutory law, particularly Republic Act No 8293 or the Intellectual Property Code of the Philippines (IP Code), as amended, and its implementing rules and regulations. In addition, Republic Act No 9502 or the Universally Accessible Cheaper and Quality Medicines Act and Republic Act No 9150 or An Act Providing for the Protection of Layout-Designs (Topographies) of Integrated Circuits which amended some provisions of the IP Code may also be referred to. Rights under applicable statutes are further developed by case law.

The Philippines is also a contracting party to the Patent Cooperation Treaty (PCT) which provides additional rights to member states such as the possibility of seeking patent protection for an invention or utility model (if the contracting state provides utility model protection) simultaneously in the contracting states by filing just one initial application and subsequently entering into national phase entry applications for selected countries.

1.2 Grant Procedure

If the application meets the requirements of the IP Code, the Intellectual Property Office of the Philippines (IPOPHE) shall issue the corresponding Letters Patent (for inventions) or Certificate of Registration (for utility models and industrial designs), provided that all the fees have been paid on time and all requirements for grant of the patent or registration have been complied with. The applicant shall have all the rights of a patentee against any person who exercises certain rights without authorisation in relation to the claimed invention in the published application, as if a patent had been granted for the invention. However, a patent shall take full effect on the date of publication of the grant of the patent in the IPOPHE Gazette. An overview of the grant procedure is set out below.

Invention

Upon the filing of a patent application for an invention, it will undergo formality examination wherein the formal documentary requirements are checked. The results of this examination are issued by the IPOPHE approximately three months from the date when the application is filed (filing date). Once the formality examination is cleared, a National Phase Entry Application Report (NPEAR) is issued by the IPOPHE, indicating that all the required documents have been filed and the application is complete as filed. Otherwise, the IPOPHE will issue an NPEAR indicating the documents that have yet to be submitted or matters that need to be clarified by the applicant.

After clearing the formality examination, a Patent Examiner for substantive examination will be assigned to the application. It takes approximately three years from the filing date before a patent application is substantively examined. However, due to enhancements in manpower currently underway in the IPOPHE, this period is expected to be greatly reduced.

During substantive examination, the Patent Examiner checks for possible issues in the application, mainly regarding clarity of the submitted disclosures and novelty and/or inventiveness of the claims covering the invention. Thereafter, office actions will be issued by the Patent Examiner and the applicant must file the responses thereto within a period of two months. Upon filing of a request with good and sufficient cause, and payment of the corresponding fees within the initial period to file the response, the deadline to respond may be extended for a maximum of two extensions, provided that the aggregate period inclusive of the initial period allowed to file the response shall not exceed six months from the mailing date of the official action. Substantive examination takes approximately two years and depends on the complexity of the issues in question as well as the speed by which the applicant responds to the objections.

Once the Patent Examiner decides that the application is suitable to be allowed for publication, the IPOPHE issues a Notice of Allowance and the application is published. A Notice of Issuance of Letters of Patent Certificate will then be issued in due course once the Letters Patent are ready for issuance.

Utility Model and Industrial Design

Similar to patents, once an application for a Utility Model or Industrial Design is filed, it undergoes formality examination whereby the documentary requirements are checked for completeness. A report will then be issued to the applicant or its agent indicating that all documentary requirements have been filed and the application is complete as filed. Otherwise, the IPOPHE will issue a report indicating the documents still to be submitted or matters that need to be clarified by the applicant.

Should there be no more issues found on formality examination, the application will be published. After 30 days from publication, allowance of the application for registration will ensue and the Certificate of Registration will be issued. This registration of the utility model or industrial design will be published in the IPOPHE Gazette.

1.3 Timeline for Grant Procedure

Invention patents are usually granted approximately five years from the filing date, depending on the complexity of the application and the number of claims, as well as the speed with which the applicant responds and whether or not voluntary amendments are filed by the applicant. For utility models and indus-

Contributed by: Bienvenido I. Somera, Jr., Ma. Sophia Editha C. Cruz-Abrenica, Mark Leo P. Bejemino and Glaiza F. Narvacan, Villaraza & Angangco

trial designs, registration may be obtained within around nine months from the filing date.

A resident may initiate the filing of an application for his or her own patent, utility model or industrial design application. However, if the applicant is not residing in the Philippines, the law requires the appointment of a resident agent or representative in the Philippines, upon whom notice or process for judicial or administrative procedures relating to the application may be served.

The applicants are categorised as either a small entity or a big entity for the purposes of availment of discounts in government fees. An applicant having more than PHP100 million (approximately USD2 million) worth of assets is considered a big entity, while an applicant with PHP100 million or less worth of assets is considered a small entity.

For inventions, a big entity applicant will have to pay an approximate total government fee of PHP12,000 (approximately USD240), while a small entity applicant will have to pay an approximate total government fee of PHP7,000 (USD140) for a straightforward application with no more than five claims and with 30 sheets or less. This fee includes payment for the filing, publication, request for substantive examination and issuance of Letters Patent.

For utility models and industrial designs, the approximate total government fee for a big entity applicant is PHP7,000 (USD140) while the approximate total government fee for a small entity applicant is PHP4,200 (USD84).

1.4 Term of Each Intellectual Property Right

For inventions filed before the 01 January 1998 effectivity of the IP Code of the Philippines, the term of protection is 17 years from issuance of the patent. For inventions filed on or after the said date, the term of protection is 20 years counted from the filing date of the application.

For PCT applications, the term of protection is reckoned from the international filing date.

For utility models, the term of protection is seven years from the filing of the application without possibility of renewal.

Industrial designs, on the other hand, have a term of protection of five years from the filing date of the application and may be renewed for not more than two consecutive five-year terms.

1.5 Rights and Obligations of Owner of Intellectual Property Right

Under the law, the grantee of a patent has a right “to restrain, prohibit and prevent any unauthorized person or entity from making, using, offering for sale, selling or importing” the subject matter of the patent if it is a product; or, if the subject matter of the patent is a process, “from using the process, or from manufacturing, dealing in, using, selling or offering for sale, or importing any product obtained directly or indirectly” from the process.

Any violation of these rights constitutes infringement which entitles the grantee to bring an action before the court, or administrative complaints before the IPOPHL, to recover from the infringer damages he or she sustained, as well as lawyers’ fees and other litigation expenses, and to secure an injunction for the protection of his or her rights.

The court may award, by way of damages, a sum equivalent to reasonable royalty if the damages are inadequate or cannot be readily ascertained with reasonable certainty. In addition, the court, in certain circumstances, may award damages in a sum above the amount found as actual damages sustained with the limitation that the award does not exceed three times the amount of those actual damages.

Writs of search and seizure may also be issued in civil actions for IP Code violations, and such writs shall be enforceable nationwide.

The invention patent has to be maintained yearly by the payment of annual fees, starting four years from the date the application was published. There is no such requirement for utility models and industrial designs. However, industrial designs may be renewed for not more than two consecutive five-year terms upon payment of the prescribed renewal fees and filing of the required request for renewal.

1.6 Further Protection After Lapse of Maximum Term

The term of protection for inventions and utility models cannot be extended. On the other hand, industrial designs may be renewed for up to two consecutive five-year terms. Thus, an industrial design may have a possible term of protection of up to 15 years, whereas an invention has a maximum protection of 20 years only (or 17 years from issuance of patent for inventions filed before 01 January 1998) and a utility model has a maximum protection of only seven years. No supplementary protection certificates that extend protection are issued in the Philippines.

1.7 Third-Party Rights to Participate in Grant Proceedings

Under the rules, any person may present observations in writing concerning the patentability of the invention within six months from the date of publication of the application, or the request for substantive examination filed by the applicant, whichever comes later. These observations shall be communicated to the applicant who may comment on them within 30 days from the mailing date of the communication. The comments will be acknowledged by IPOPHL who will put such observations and comment in the relevant patent application file. Furthermore, a conference at the IPOPHL office may be requested by the interested party to better understand the application, patent process and the patent system.

The observation, comments and discussions during the conferences shall be considered in examining the application and the IPOPHL will notify the parties who submitted observations, or who were present during the discussions, regarding the decision of the IPOPHL.

For utility models and industrial designs, any person may present written adverse information concerning the registrability of the application within 30 days from the publication thereof, which shall be taken into consideration in deciding the registrability of the application. The adverse information shall be in the form of a sworn statement stating the personal information and circumstances of the affiant and the grounds for the objection. This adverse information shall be communicated to the applicant who may comment on it within 30 days from the mailing date of the communication.

Further, a conference at the IPOPHL office may also be requested by the interested party for better understanding of the application, registration process and the registration system. Supplemental Adverse Information, including new information, may be filed within ten days after the conference.

Only adverse information as filed in accordance with the IPO Regulations shall be taken into consideration in deciding the registrability of the applications. The IPOPHL will notify the parties who submitted observations regarding its decision.

1.8 Remedies Against Refusal to Grant Intellectual Property Right

The decision of the Patent Examiner in refusing an application is subject to appeal to the Director of Patents within four months from the mailing date of the notice of the Final Refusal.

A negative decision from the Director of Patents is then appealable to the Director General of the IPOPHL. Should the patent application still be refused at this stage, the matter may be

elevated to the Court of Appeals in accordance with the Rules of Court, and then finally, to the Supreme Court.

1.9 Consequences of Failure to Pay Annual Fees

According to regulations, should the annual fee not be paid within the prescribed period (annually, starting four years from publication of the patent; within three months before the anniversary date of the publication), the IPOPHL will publish a Notice of Non-payment in its e-Gazette. The Notice shall also be immediately mailed to the patent owner, applicant, or the resident agent. Thereafter, the fees must be paid in full within a grace period of six months from the publication of the Notice of Non-payment in the IPOPHL e-Gazette, plus the prescribed surcharge on the government fees for delayed payment and the publication fee. Upon failure to pay the required fees within the grace period, a notice that the application is deemed withdrawn – or that the patent is considered lapsed – as of the date following the expiration of the original period within which the annual fee was due, shall be issued, published in the IPOPHL e-Gazette and recorded in the register of the IPOPHL.

2. Initiating a Lawsuit

2.1 Actions Available Against Infringement

In cases of infringement, anyone who has a right to a patent may bring either a civil action before the courts or administrative complaints before the IPOPHL to recover damages, lawyers' fees and other litigation expenses and to secure an injunction for the protection of his or her rights. The law also provides that the court may, at its discretion, order the destruction of the infringing goods, materials and implements predominantly used in the infringement, without compensation.

In cases of repeated infringement by the infringer, or by anyone in connivance with him or her, after the final judgment of the court, the offenders shall be criminally liable, without prejudice to the institution of a civil action for damages.

2.2 Third-Party Remedies to Remove Effects of Intellectual Property

Under the law, any interested person may petition to cancel an invention patent or any claim thereof, or parts of the claim, on any of the following grounds:

- the invention is not new or patentable;
- 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; and/or
- the patent is contrary to public order or morality.

Contributed by: Bienvenido I. Somera, Jr., Ma. Sophia Editha C. Cruz-Abrenica, Mark Leo P. Bejemino and Glaiza F. Narvacan, Villaraza & Angangco

Utility models may also be cancelled upon petition by any interested person on the following grounds:

- the claimed invention does not qualify for registration as a utility model and does not meet the requirements of registrability;
- the description and the claims do not comply with the prescribed requirements;
- any drawing which is necessary for the understanding of the invention has not been furnished; and/or
- the owner of the utility model registration is not the inventor or his or her successor in title.

As for industrial designs, any person may petition to cancel the industrial design on any of the following grounds:

- the subject matter of the industrial design is not registrable;
- the subject matter is not new; and/or
- the subject matter of the industrial design extends beyond the content of the application as originally filed.

There may also be compulsory licensing, as provided by law, if any of the following grounds are present:

- national emergency or other circumstances of extreme urgency;
- where the public interest, as determined by the appropriate agency of the government, so requires;
- where there has been a determination by a judicial or administrative body that the manner of exploitation by the patent owner or his or her licensee is anti-competitive;
- in cases of public non-commercial use by the patentee of the patent, without satisfactory reason;
- if the patented invention is not being worked on a commercial scale in the Philippines, although capable of being worked, without satisfactory reason (the importation of the patented article shall constitute working or using the patent); and/or
- where, as determined by the Secretary of the Department of Health, the demand for patented drugs and medicines is not being met to an adequate extent and on reasonable terms.

2.3 Courts with Jurisdiction

Administrative complaints may be filed before the Bureau of Legal Affairs of the IPOPHL (BLA), provided that the total damages claimed are not less than PHP200,000 (approximately USD4,000). The decision of the BLA may be appealed to the Director General of the IPOPHL and then to the Court of Appeals and then finally to the Supreme Court.

Civil and criminal actions involving intellectual property rights violations may be filed before the regional trial courts desig-

nated as Special Commercial Courts, whose decision is appealable to the Court of Appeals and then to the Supreme Court.

The Special Commercial Courts in the judicial regions where the violation of intellectual property rights occurred shall have concurrent jurisdiction to issue writs of search and seizure within their respective jurisdictions.

2.4 Specialised Bodies/Organisations for the Resolution of Disputes

Regional trial courts designated as Special Commercial Courts may try actions involving violations of intellectual property rights while the BLA of the IPOPHL may receive and hear administrative complaints.

2.5 Prerequisites to Filing a Lawsuit

There are no prerequisites to filing a lawsuit involving intellectual property rights violations, in general. However, to claim damages, the law requires that the act of infringement must have been committed within four years before the institution of the action for infringement and the infringer must have known, or must have had reasonable grounds to know, of the patent. As to criminal actions involving repeated infringers, the action should have been brought within three years from the date of the commission of the crime. Furthermore, the criminal action can only be filed after a previous final decision of infringement in a civil action against the same accused.

2.6 Legal Representation

The parties to an infringement case, whether filed before the BLA or the courts, are usually represented by counsel.

2.7 Interim Injunctions

Jurisprudence provides that a preliminary injunction may be granted upon proper showing that a clear and unmistakable right that must be protected exists and that there is an urgent and paramount necessity to prevent serious damage.

To expound, under the rules, a preliminary injunction may be granted when it is established:

- “that the applicant is entitled to the relief demanded, and the whole or part of such relief consists in restraining the commission or continuance of the act or acts complained of, or in requiring the performance of an act or acts, either for a limited period or perpetually”;
- “that the commission, continuance or non-performance of the act or acts complained of during the litigation would probably work injustice to the applicant”;
- “that a party or any person is doing, threatening, or is attempting to do, or is procuring or suffering to be done, some act or acts probably in violation of the rights of the

applicant respecting the subject of the action or proceeding and tending to render the judgment ineffectual.”

2.8 Protection for Potential Opponents

According to the rules, in the application for preliminary injunction, a bond executed to the party or person enjoined must be filed before the court (unless exempted by the court) to the effect that the applicant for the injunction will pay to that party or person all damages which he or she may sustain by reason of the injunction if the court should finally decide that the applicant was not entitled to it. The writ of preliminary injunction shall be issued upon approval of the requisite bond to be determined by the court. The IPOPPL may also require the posting of a bond in an amount to be determined by the Adjudication Officer and approved by the Director, before the issuance of a writ of injunction.

2.9 Special Limitation Provisions

As previously mentioned, to claim damages, the act of infringement must have been committed within four years before the institution of the action for infringement and the infringer must have known, or must have had reasonable grounds to know, of the patent.

As for criminal actions to be filed for repeated infringement, the actions must be brought within three years from the date of the commission of the crime.

2.10 Mechanisms to Obtain Evidence and Information

Under the rules, different modes of discovery may be utilised by a litigant to obtain evidence and information, such as written interrogatories, requests for admission or motions for production of inspection of documents or things.

The modes of discovery may be availed of by a party not later than 30 days from the joinder of issues.

For administrative complaints filed before the BLA, the testimony of any person may be taken, at the instance of any party, by deposition upon written interrogatories by leave of the Hearing Officer after the answer has been filed.

The provisions of the Rules of Court of the Philippines apply in a suppletory manner:

For actions filed before the courts, written interrogatories may be filed and served upon any adverse party in order to elicit material and relevant facts, by leave of court, after jurisdiction has been obtained over any defendant or over property which is the subject of the action, or without such leave after an answer has been served.

A written request for admission of the genuineness of any material and relevant document described in, and exhibited with, the request – or of the truth of any material and relevant matter of fact set forth in the request – may be filed and served upon a party. Document copies shall be delivered with the request unless such copies have already been provided.

The court may order any party to produce, and permit the inspection and copying or photographing of, any designated documents, photographs, objects or tangible things, which are not privileged and which are in his or her possession, custody or control which constitute or contain evidence material to any matter involved in the action upon the motion of any party showing good cause.

2.11 Initial Pleading Standards

The initiatory pleading, which is the complaint for intellectual property violation, whether filed before the BLA or the courts, is required to be verified by the complainant and must be accompanied by a certificate of non-forum shopping. Under the rules, it must state the full names of the parties to the case, as well as the capacity of a party to sue or be sued and proof of capacity to sue in case of juridical persons. A concise statement of the ultimate facts constituting the complainant's cause or causes of action should be included in the complaint. It must specify the relief(s) sought, but it may add a general prayer for other relief(s) that may be deemed just or equitable. Further, the complaint must be accompanied by proof of payment of docket and other required fees.

Based on the Rules of Court, verification is done through an affidavit stating that the affiant has read the pleading and what is alleged therein is true and correct to the best of the affiant's knowledge and belief. On the other hand, a certificate of non-forum shopping, is a certification under oath stating that the complainant has not commenced any action or filed any claim involving the same issues in any other court, tribunal or quasi-judicial agency and, to the best of his or her knowledge, no such other action or claim is pending. If there is another pending action or claim, a complete statement of its present status must be stated and if the complainant learns that the same or similar action or claim has been filed or is pending, that fact shall be reported within five days to the court or the IPOPPL, wherever the initiatory pleading was filed.

The complaint/petition should have as attachments all evidence that support the allegations therein. It is possible to file supplemental pleadings setting forth transactions, occurrences or events that have happened since the date of the previous pleading, but it must be done upon motion of a party, upon reasonable notice and upon such terms as are just.

Contributed by: Bienvenido I. Somera, Jr., Ma. Sophia Editha C. Cruz-Abrenica, Mark Leo P. Bejemino and Glaiza F. Narvacan, Villaraza & Angangco

2.12 Representative or Collective Action

In general, class suits or collective actions are allowed under the Philippine legal system. Such action is allowed under the rules when the subject matter of the controversy is of common or general interest to persons so numerous that it is impracticable to join all as parties. In such cases, a number of them, whom the court finds to be sufficiently numerous and representative to fully protect the interests of all concerned, may sue or defend for the benefit of all. Any party may intervene to protect his or her individual interest.

2.13 Restrictions on Assertion of Intellectual Property Right

The law sets limits on patent rights, specifically, the owner of a patent cannot assert his or her rights against others in the following circumstances:

- using a patented product that has been put on the Philippine market by the owner of the product, or with his or her express consent, insofar as such use is done after that product has been put on the market;
- where the act is done privately and on a non-commercial scale or for a non-commercial purpose and it does not significantly prejudice the economic interests of the patent owner;
- where the act consists of making or using exclusively for the purpose of experiments relating to the subject matter of the patented invention;
- where the act consists of the preparation for individual cases of a medicine according to a medical prescription or acts concerning the medicine so prepared, in a pharmacy or by a medical professional; or
- where the invention is used in any ship, vessel, aircraft, or land vehicle of any other country entering the Philippine territory temporarily or accidentally, provided that the invention is used exclusively for that ship's, vessel's, aircraft's or vehicle's needs and not for the manufacturing of anything to be sold within the Philippines.

Furthermore, the law provides that any prior user, who, in good faith was using the invention, or has undertaken serious preparations to use the invention, in his or her enterprise or business, before the filing date or priority date of the application for a granted patent, shall have the right to continue to use the invention within the territory where the patent is effective.

A licence to exploit a patented invention, even without the agreement of the patent owner, in favour of any person who has shown the capability to exploit the invention, may also be granted under any of the following circumstances, according to the law:

- national emergency or other circumstances of extreme urgency;
- where the public interest, as determined by the appropriate agency of the government, so requires;
- where there has been a determination by a judicial or administrative body that the manner of exploitation by the patent owner or his or her licensee is anti-competitive;
- in cases of public non-commercial use by the patentee of the patent, without satisfactory reason;
- if the patented invention is not being worked on a commercial scale in the Philippines, although capable of being worked, without satisfactory reason (the importation of the patented article shall constitute working or using the patent); or
- where, as determined by the Secretary of the Department of Health, the demand for patented drugs and medicines is not being met to an adequate extent and on reasonable terms.

3. Infringement

3.1 Necessary Parties to an Action for Infringement

Under the law, the action for infringement must be brought by the patentee – or anyone with a title, right or interest to and in the patented invention – whose rights have been infringed.

3.2 Direct and Indirect Infringement

The making, using, offering for sale, selling, or importing of a patented product or a product obtained directly or indirectly from a patented process, or the use of a patented process without the authorisation of the patentee constitutes direct patent infringement.

Indirect patent infringement may be committed by anyone who actively induces the infringement of a patent or provides the infringer with a component of a patented product or of a product produced through a patented process, knowing it to be especially adopted for infringing the patented invention and not suitable for substantial non-infringing use.

An administrative complaint may be filed before the BLA of the IPOPHL or a civil action may be filed before the courts to recover damages, attorneys' fees and other litigation expenses, and to secure an injunction for the protection of rights.

3.3 Scope of Protection for an Intellectual Property Right

Under the law, the scope of protection shall be determined by the claims, which are to be interpreted in the light of the description and drawings.

Furthermore, in determining the extent of protection conferred by the patent, elements which are equivalent to the elements expressed in the claims shall be taken into account, so that a claim shall be considered to cover not only all the expressed elements, but also equivalents.

3.4 Defences Against Infringement

According to the law, in addition to other defences that may be available to the defendant in an action for infringement, he or she 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.

Any of the restrictions discussed in **2.13 Restrictions on Assertion of Intellectual Property Right** may also be raised as a defence (eg, good faith prior use, compulsory licensing).

3.5 Role of Experts

In general, under the Rules of Court, the opinion of a witness on a matter requiring special knowledge, skill, experience or training which he or she is shown to possess, may be received in evidence. The same is true for patent cases.

In patent cancellation cases involving highly technical issues, the law provides that the BLA Director may, upon motion of any party, order that the petition be heard and decided by a committee composed of the BLA Director, as chairman, and two members who have the experience or expertise in the field of technology to which the patent sought to be cancelled relates. The decision of the committee may be appealed to the Director General of the IPOPHIL.

In patent infringement cases, on the other hand, the law also provides that the court may appoint two or more assessors who possess the necessary scientific and technical knowledge required by the subject matter in litigation.

3.6 Procedure for Construing the Terms of the Patent's Claim

There is no separate procedure for construing the terms of patent claims. These are threshed out with other issues in patent cancellation or infringement cases.

4. Revocation/Cancellation

4.1 Reasons and Remedies for Revocation/Cancellation

The reasons or grounds for cancellation of a patent/registration for invention, utility model or industrial design are discussed in **2.2 Third-Party Remedies to Remove Effects of Intellectual Property**.

As discussed therein, any interested person may petition to cancel a patent/registration before the BLA. The decision of the BLA Hearing Officer is appealable to the BLA Director, whose decision is appealable to the Director General of the IPOPHL. The Decision of the Director General may be appealed to the Court of Appeals and then, to the Supreme Court.

4.2 Partial Revocation/Cancellation

In cases where the cancellation only relates to some of the patent claims or parts of the claims, the law specifies that the cancellation will be effected to that extent only. In which case, an amended patent will be issued by the IPOPHL.

4.3 Amendments in Revocation/Cancellation Proceedings

An amendment of the patent is possible in patent cancellation proceedings. In such cases, the law provides that the BLA may maintain the patent as amended, provided that the fee for printing of a new patent is paid within the prescribed time limit.

4.4 Revocation/Cancellation and Infringement

A cancellation case and an infringement case filed separately may proceed independently and the filing of the former does not bar the filing of the latter. Invalidity of the patent may also be raised as a defence in an infringement case.

5. Trial & Settlement

5.1 Special Procedural Provisions for Intellectual Property Rights

AM No 10-3-10 SC or Rules of Procedure for Intellectual Property Rights Cases apply to both civil and criminal actions filed in courts for violations of intellectual property rights while the Rules & Regulations on Administrative Complaints for Violations of Laws Involving Intellectual Property Rights apply to administrative complaints filed before the BLA.

Patent cancellation cases filed before the BLA apply the Rules and Regulations for Inter Partes Proceedings.

The issuance of writs of search and seizures in relation to IP Code violations shall be governed by the rules prescribed in Re: Proposed Rule on Search and Seizure in Civil Actions for Infringement of Intellectual Property Rights (A.M. No 02-1-06-SC).

Appeal to the Director General of the IPOPHL is governed by Uniform Rules on Appeal while appeal to the Court of Appeals and the Supreme Court is primarily governed by the Rules of Court.

Contributed by: Bienvenido I. Somera, Jr., Ma. Sophia Editha C. Cruz-Abrenica, Mark Leo P. Bejemino and Glaiza F. Narvacan, Villaraza & Angangco

5.2 Decision Makers

Patent cases filed in court are decided by judges, while those filed before the BLA are decided by the Adjudication or Hearing Officers. The judges as well as the Adjudication or Hearing Officers are usually members of the Philippine Bar and may or may not have technical backgrounds. “Committees of Three” and/or “Assessors” may be convened/appointed in order to assist the judges and the Adjudication or Hearing Officers in the technical matters of the case.

5.3 Settling the Case

Under the rules, parties will be ordered to undergo formal mediation procedures to explore the possibility of amicable settlement of civil cases filed before the courts and for administrative cases filed before the BLA. For criminal actions, the parties will also be ordered to appear before the mediation centre for court-annexed mediation on the civil aspect of the criminal action.

5.4 Other Court Proceedings

There is nothing under the law that bars the filing of an infringement case when a prior patent cancellation case had already been filed. Hence, these cases may proceed independently although the invalidation of the patent in the cancellation case may be used as a defence in the infringement case. Nevertheless, jurisprudence recognises the doctrine of primary jurisdiction in which the court hearing the infringement case will take into account the pendency of the cancellation case before the IPOPHL and will likely defer to the IPOPHL since it is the agency with the expertise to determine validity of patents.

6. Remedies

6.1 Remedies for the Patentee

As discussed in 1.5 **Rights and Obligations of Owner of Intellectual Property Right**, the grantee of a patent has a right “to restrain, prohibit and prevent any unauthorised person or entity from making, using, offering for sale, selling or importing” the subject matter of the patent if it is a product or “from using the process, or from manufacturing, dealing in, using, selling or offering for sale, or importing any product obtained directly or indirectly” from the process if the subject matter of the patent is a process.

Any violation of this right constitutes infringement which entitles the grantee to bring a civil action to recover from the infringer damages he or she sustained, as well as lawyers’ fees and litigation expenses, and to secure an injunction for the protection of his or her rights.

The court may award, by way of damages, a sum equivalent to reasonable royalty if the damages are inadequate or cannot be readily ascertained with reasonable certainty. In addition, the court, in certain circumstances, may award damages in a sum above the amount found as actual damages sustained, with the limitation that the award does not exceed three times the amount of such actual damages.

Writs of search and seizure may also be issued in civil actions for IP Code violations, and such writs shall be enforceable nationwide.

6.2 Rights of Prevailing Defendants

Under the rules, the defendant may receive payment from the other party by way of damages if, in the course of the infringement case, a writ of preliminary injunction was issued and the court subsequently decided that the applicant was not entitled to the injunction. The bond filed before the issuance of the preliminary injunction shall answer for the damages sustained by the defendant by reason of the injunction.

6.3 Types of Remedies

The remedies discussed under 6.1 **Remedies for the Patentee** generally apply to the different types of intellectual property rights, there are no specific remedies for specific rights.

6.4 Injunctions Pending Appeal

Generally, a decision finding the patent valid and infringed is not immediately executory and will be stayed by the filing of an appeal by the infringer without need for an injunction order. Nevertheless, based on the rules, execution pending appeal may be allowed upon good reasons on the motion of the prevailing party with notice to the adverse party or *motu proprio* and upon filing of an approved bond. The execution pending appeal may be stayed by the filing of an approved counterbond.

7. Appeal

7.1 Special Provisions for Intellectual Property Proceedings

Appeal to the Director General of the IPOPHL is governed by the Uniform Rules on Appeal while appeal to the Court of Appeals and the Supreme Court is primarily governed by the Rules of Court.

In cancellation cases filed before the BLA, the decision of the BLA Adjudication Officer is appealable to the BLA Director, whose decision is then appealable to the Director General of the IPOPHL. The decision of the Director General may be appealed to the Court of Appeals and then, to the Supreme Court.

In administrative complaints for infringement filed before the BLA, the decision of the BLA is appealable to the Director General of the IPOPHL, whose decision may be brought up to the Court of Appeals and then to the Supreme Court.

In actions filed before the regional trial courts designated as Special Commercial Courts, the decision is appealable to the Court of Appeals and then to the Supreme Court.

7.2 Type of Review

A full review of the facts may be had during an appeal. However, appeals to the Supreme Court are generally limited to questions of law.

8. Costs

8.1 Costs Before Filing a Lawsuit

While there are no prerequisites to filing a lawsuit involving IP rights violations, costs may be incurred should the complainant opt to send demand/warning letters or conduct test-buys and surveillance.

8.2 Calculation of Court Fees

Court fees are determined based on the amount of damages claimed by the complainant and have nothing to do with the number of the parties involved in the action filed.

8.3 Responsibility for Paying Costs of Litigation

The complainant is responsible for paying the costs of litigation including court fees and attorneys' fees. However, in administrative complaints, the rules provide that the BLA Director may impose, as an alternative penalty, that the complainant be reimbursed by the defendant for the expenses and costs incurred in prosecuting the case in the BLA. For cases filed before the courts, the defendant may also be ordered by the court, at its discretion, to reimburse the complainant for any litigation costs incurred.

9. Alternative Dispute Resolution

9.1 Type of Actions for Intellectual Property

As discussed in 5.3 *Settling the Case*, parties are required to undergo formal mediation procedures to explore the possibility of amicable settlement of civil cases filed before the courts and administrative cases filed before the BLA. For criminal actions, the parties will also be ordered to appear before the mediation centre for court-annexed mediation on the civil aspects of the criminal action.

10. Assignment and Licensing

10.1 Requirements or Restrictions for Assignment of Intellectual Property Rights

According to the law, an assignment may consist of the entire right, title or interest in and to the patent and the invention covered thereby. It may also be of an undivided share of the entire patent and invention, in which case, the parties become joint owners of the patent. An assignment may also be limited to a specified territory.

The law requires that the assignment must be in writing and must be acknowledged before a notary public or other officer authorised to administer oaths or perform notarial acts. It must also be certified under the hand and official seal of the notary or such other officer. If the assignment is not recorded with the IPOPHL within three months from the date of the instrument or prior to the assignment, the instrument shall be void as against any subsequent assignee for valuable consideration, who had no notice of the previous assignment, hence recordal is strongly urged.

10.2 Procedure for Assigning an Intellectual Property Right

The assignment must be in writing, it must also be executed by the concerned parties and notarised. To be binding against third parties, the instrument must be recorded with the IPOPHL within three months from the date of the instrument or prior to the assignment. A fee must be paid for the recordal of the assignment.

10.3 Requirements for Restrictions to License an Intellectual Property Right

The patent owner may conclude voluntary licensing agreements for his or her patent. The licensing agreement must contain the mandatory provisions required under Section 88 of the IP Code and must not contain the prohibited provisions listed under Section 87 of the IP Code. Non-conformance with these requirements shall automatically render the agreement unenforceable, unless – in exceptional cases – that arrangement is approved and registered with the Documentation, Information and Technology Transfer Bureau of the IPOPHL.

10.4 Procedure for Licensing an Intellectual Property Right

The patent owner and the licensee may enter into a licensing agreement that complies with the voluntary licensing requirements of the IP Code. Recordal of agreements that involve transmission of rights such as a licensing agreement is necessary. If the agreement is already in conformity with the requirements of the law, however, registration is no longer required.

PHILIPPINES LAW AND PRACTICE

Contributed by: Bienvenido I. Somera, Jr., Ma. Sophia Editha C. Cruz-Abrenica, Mark Leo P. Bejemino and Glaiza F. Narvacan, Villaraza & Angangco

The parties may apply for clearance with the IPOPHL prior to the recordal of a licence agreement so they will have a chance to amend the same in case there are mandatory provisions that were omitted or if there were prohibitory provisions that were included.

Contributed by: Bienvenido I. Somera, Jr., Ma. Sophia Editha C. Cruz-Abrenica, Mark Leo P. Bejemino and Glaiza F. Narvacan, Villaraza & Angangco

Villaraza & Angangco was founded in 1980 by now retired Philippine Supreme Court Senior Associate Justice Antonio T. Carpio and Senior Partner F. Arthur L. Villaraza, along with young, idealistic and driven lawyers. Villaraza & Angangco (V&A LAW) is a full-service law firm with a sterling reputation for practising law with the highest standards and providing unparalleled legal representation. The firm currently employs over 60 lawyers with proven competence and experience in multiple fields and close to 100 non-legal personnel whose proficiency and loyalty to the firm are unparalleled. V&A Law's

intellectual property (IP) department handles the full gamut of intellectual property rights (IPR) matters, including patent and trade mark prosecution; copyright deposit; inter partes cases; administrative, civil and criminal litigation of IPR violations; IPR enforcement programmes; IP commercialisation, licensing and franchising; border control measures; and regulatory advice for industries such as pharmaceuticals, foods, cosmetics, technology-based logistics services, media, entertainment, broadcasting and over-the-top (OTT) or Internet-based services.

Authors



Bienvenido I. Somera, Jr. is widely recognised as an IP authority in the Philippines, consistently ranking in the top tiers of legal directories for intellectual property, including the Chambers & Partners Asia Pacific Ranking for Intellectual Property, and winning awards

for the quality of his work. With over 30 years of experience, Attorney Somera has expertise in handling all facets of intellectual property law. He has held, and continues to occupy, key positions in local and international IP organisations, attesting to his strong devotion to the development of the field of intellectual property and his stature in the Philippine legal profession.



Mark Leo P. Bejemino is a senior associate with more than four years of IP experience. His practice focuses on trade mark and patent prosecution as well as IP litigation. He placed fourth in the 2014 Philippine Bar Examinations and has a degree in applied physics. Attorney Bejemino applies

his superior technical acumen in patent drafting and prosecution matters, freedom to operate searches, and patent invalidation and infringement cases. He also handles domestic and foreign trade mark prosecution, particularly the filing and prosecution of trade marks under the Madrid Protocol, as well as trade mark litigation before the regular courts and the IPOPHL.



Ma. Sophia Editha C. Cruz-Abrenica is a junior partner at V&A Law and has more than 11 years of experience in IP prosecution. She is a registered Patent Agent, having passed the Patent Agent Qualifying Examinations administered by the IPOPHL and is a member of the Patent

Committee of the APAA and the Pharmaceutical Committee of the AIPPI. She holds a master's degree in molecular biology and has solid scientific research experience as a result of her research studies in Belgium and Japan for six years. Attorney Cruz-Abrenica handles the bulk of V&A Law's patent applications and invalidation cases, with a current focus on helping generic pharmaceutical companies bring affordable products into the country.



Glaiza F. Narvacan is a junior associate of the firm. She obtained her JD from the University of the Philippines, where she also received her bachelor's degree in molecular biology and biotechnology. Prior to being a lawyer and while in law school, Attorney Narvacan was employed

by contract research organisations and worked as a clinical research professional engaged in monitoring vaccine and drug trials. She was admitted to the Bar in 2019 and joined the firm in the same year. Her practice currently involves both patent and trade mark prosecution, as well as patent and criminal litigation.

PHILIPPINES LAW AND PRACTICE

*Contributed by: Bienvenido I. Somera, Jr., Ma. Sophia Editha C. Cruz-Abrenica, Mark Leo P. Bejemino and
Glaiza F. Narvacan, Villaraza & Angangco*

Villaraza & Angangco

V&A LAW CENTER
11th Avenue corner 39th Street
Bonifacio Global City 1634
Metro Manila, Philippines

Tel: +63 2 8988 6088

Fax: +63 2 8988 6000

Email: info@thefirmva.com

ip.department@thefirmva.com

Web: www.thefirmva.com



**VILLARAZA
&ANGANGCO**
THE FIRM • EST. 1980