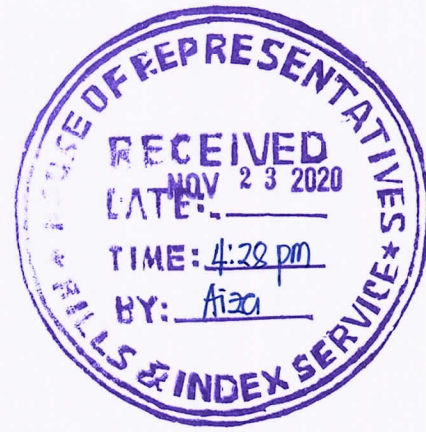




Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City



EIGHTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. 8062

**INTRODUCED BY REPRESENTATIVES SHARON S. GARIN AND
CHRISTOPHER V.P. DE VENECIA**

EXPLANATORY NOTE

The 1987 Philippine Constitution Article XIV Section 13 provides the State shall protect and secure the exclusive rights of scientists, inventors, artists, and other gifted citizens to their intellectual property and creations, particularly when beneficial to the people, for such period as may be provided by law.

Anent to such State's duty is to protect, secure and promote the intellectual property rights of the people, and to recognize the vital role that an efficient and balanced intellectual property system plays in the economic, technological and sociocultural development of a country.

This bill proposes the passing of a new Intellectual Property Act with the ultimate goal of ensuring that scientists, inventors, artists, and other gifted citizens are encouraged to continue creating and innovating so that both citizens and consumers can benefit from innovative and creative products. In addition, the new and amended provisions contained in the new Intellectual Property Act, as proposed,

are designed to ensure a balance between the interests of both the owners/holders and users of the products protected by these rights.

Innovation and creativity are important factors and drivers of economic growth. By protecting their intellectual property rights, it helps to ensure that individuals who innovate and use their creativity and skills are properly rewarded and their rights over their creations protected.

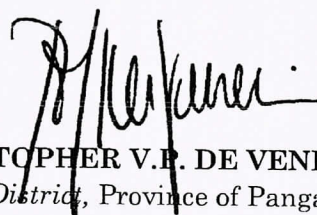
The proposed new Intellectual Property Act endeavours to accomplish, among others, the following:

- Increase the capacity of IPOPHL to provide assistance to stakeholders, the general public, and specific sectors like the academe, the industries, and the MSMEs
- Have a more entrenched IP System that will nurture a culture of creativity and innovation
- Widen the scope of public engagement and facilitate the delivery of IP services all over the country with a focus on regional development
- Clarify and fill the gap created by the Personal Property Security Act.
- Institutionalize the NCIPR and the Powers of a Sub-Committee on Enforcement of Intellectual Property Rights in the Digital Environment.
- Allow Provisional Patent Applications to encourage Philippine inventors to file applications while the invention has yet to be perfected
- Streamline administrative procedures relating to intellectual property rights to liberalize the registration on the transfer of technology, enhance the enforcement of intellectual property rights in the Philippines, and promote the use of relevant, emerging, advanced, and state-of-the-art technologies in providing a more efficient and higher quality service to the stakeholders and the public.

In line with this view, the passage of this measure is earnestly sought.



SHARON S. GARIN
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Fourth District, Province of Pangasinan



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HOUSE BILL NO. 8062

**INTRODUCED BY REPRESENTATIVES SHARON S. GARIN AND
CHRISTOPHER V.P. DE VENECIA**

**AN ACT PROVIDING FOR THE REVISED INTELLECTUAL PROPERTY CODE
OF THE PHILIPPINES, AND FOR OTHER PURPOSES**

*Be it enacted by the Senate and House of Representatives of the Philippines in
Congress assembled:*

**PART I STATE POLICIES AND BASIC PRINCIPLES Chapter 1 State
Policies**

SECTION 1. *Title.* - This Act shall be known as the "New Intellectual Property Act".

SECTION 2. *Declaration of State Policy.* -

- a. The State recognizes that an effective and efficient intellectual property system is vital to the development of domestic and creative industries,

facilitates transfer of technology, attracts foreign investments, and ensures market access for our products.

- b. The State should modernize and improve certain aspects of the law on intellectual property to ensure that the intellectual property system operates more efficiently and is more accessible for all scientists, inventors, artists and other gifted citizens including the indigenous peoples and local communities.
- b. It is also the policy of the State to streamline administrative procedures relating to intellectual property rights to liberalize the registration on the transfer of technology; enhance the enforcement of intellectual property rights in the Philippines; and promote the use of relevant, emerging, advanced, and state-of-the-art technologies in providing a more efficient and higher quality service to the stakeholders and the public.
- c. The State recognizes, protects, and promotes the rights of the indigenous peoples and communities to their intellectual and cultural rights under the principles of free and prior informed consent and benefit sharing. Thus, the State shall implement appropriate measures to prevent misuse and misappropriation of the indigenous peoples' and communities' intellectual and cultural properties.

SECTION 3. *Applicability of International Conventions and Agreements.* - Any person who is a national or who is domiciled or has a real and effective industrial establishment in a country which is a party to any convention, treaty or agreement relating to intellectual property rights or the repression of unfair competition, to which the Philippines is also a party, or extends reciprocal rights to nationals of the Philippines by law, shall be entitled to benefits to the extent necessary to give effect to any provision of such convention, treaty or reciprocal law, in addition to the rights to which any owner of an intellectual property right is otherwise entitled by this Act.

Chapter II Definitions

SECTION 4. *Definitions.* – The following terms as used in this Act shall mean:

- 4.1. “Innovation” refers to the creation of new ideas that results in the development of new or improved products, processes, or services, which are then spread or transferred across the market.
- 4.2. “Intellectual property” or “Intellectual property rights” refers to the following:
- a. Patent;
 - b. Utility model;
 - c. Industrial design;
 - d. Layout-design;
 - e. Trademark and service mark;
 - f. Copyright and related rights;
 - g. Geographical indications;
 - h. Protected undisclosed information; and
 - i. Protected new plant varieties as provided under Philippine Plant Variety Protection Act of 2002.
- 4.3. “Technology transfer arrangements” refers to contracts or agreements involving intellectual property rights with the transfer of systematic knowledge or technology for the manufacture of a product, the application of a process, or rendering of a service including management contracts or franchises, and the transfer, assignment or licensing of all forms of intellectual property rights, including licensing of computer software except computer software developed for mass market.
- 4.4. The term “Office” refers to the Intellectual Property Office of the Philippines (IPOPHL).

- 4.5. "IPOP HL Gazette" refers to the printed or electronic publication of the Office under this Act.

PART II THE INTELLECTUAL PROPERTY OFFICE Chapter I FUNCTIONS

SECTION 5. *Functions of the Intellectual Property Office. –*

5.1. The Office is mandated to administer and implement the State policies declared in this Act and shall have the following functions:

- a. Examine applications and grant letters patent for inventions, and register utility models, industrial designs, layout-designs (topographies) of integrated circuits, trademarks and other marks of ownership;
- b. Provide protection for geographical indications;
- c. Register technology transfer arrangements and settle disputes on payments involving the same and develop and implement strategies to promote and facilitate technology transfer;
- d. Promote the use of copyright and related rights as a tool to foster a culture of creativity and respect for artistic creation;
- e. Promote the use of patent information as a tool for policy making and technology development;
- f. Publish regularly in its own publication the patents, marks, utility models and industrial designs, issued and approved, and the technology transfer arrangements registered;
- g. Administratively adjudicate disputes involving intellectual property rights;
- h. Coordinate with other government agencies, institutions, and the private sector efforts to formulate and implement plans and policies to strengthen the creation, promotion, protection, utilization, and enforcement of intellectual property rights in the country; and
- i. Formulate policies to promote creativity, innovation, and respect for intellectual property.

The functions referred to in (a), (b), (c) and (g) are quasi-judicial in nature.

- 5.2. The Office shall have custody of all records, books, drawings, specifications, documents, and other papers and things relating to intellectual property rights applications filed with the Office.
- 5.3. In the exercise of the functions enumerated herein, the Office shall have the authority to:
- a. Impose and collect fees and other charges; and
 - b. Promulgate rules and procedures, including reasonable timelines, consistent with international agreements and best practices, and commensurate to the extremely complicated and exceptionally technical field of intellectual property. These rules and procedure shall cover, among others, the grant of letters patents, registration of utility models, industrial designs, layout-designs (topographies) of integrated circuits, marks of ownership, the adjudication of intellectual property disputes, and other similar or related services.

Chapter II ORGANIZATIONAL STRUCTURE

SECTION 6. *The Organizational Structure of the Office. –*

- 6.1. The Office shall be headed by a Director General who shall be assisted by two (2) Deputies Director General.
- 6.2. The Office shall be comprised of eight (8) bureaus, namely:
- a. The Bureau of Patents;
 - b. The Bureau of Trademarks;
 - c. The Bureau of Copyright and Related Rights;
 - d. The Bureau of Legal Affairs;
 - e. The Bureau of Innovation and Business Development;
 - f. The Bureau of Regional Operations;

- g. The Information Technology Service; and
- h. The Finance and Administrative Service,

each of which shall be headed by a Director and an Assistant Director, and such other offices as may be established by the Director General.

An Intellectual Property and Research Academy shall likewise be created.

6.3. The Director General, Deputies Director General, Directors and Assistant Directors shall be appointed by the President. The other officers and employees of the Office shall be appointed by the Secretary of Trade and Industry, conformably with and under the Civil Service Law: *Provided*, That such power may be delegated to the Director General.

SECTION 7. *The Office of the Director General. –*

7.1. *Composition.* - The Office of the Director General shall consist of the Director General and the Deputies Director General, their immediate staff, and such offices and services that the Director General will set up to support the plans and programs of the Office of the Director General, including but not limited to:

- a. Appeals and Legal Office;
- b. Policy and International Affairs Office;
- c. Internal Audit and Quality Management Office;
- d. Advocacy and Communications;
- e. Strategy and Knowledge Management Office; and
- f. Intellectual Property Rights Enforcement Office.

7.2. *Powers and Functions.* - The Director General, shall exercise the following powers and functions:

- a. Manage and direct all functions and activities of the Office, including the promulgation of rules and regulations to implement its mandates, objectives,

policies, plans, programs and projects, and the recognition of attorneys, agents, or other persons representing applicants or other parties before it; *Provided*, That in the exercise of his authority to propose policies and standards in relation to the following: (1) the effective, efficient, and economical operations of the Office requiring statutory enactment; (2) coordination with other agencies of the government in relation to the enforcement of intellectual property rights; and (3) the establishment of fees for the filing and processing of an application for a patent and registration of utility model or industrial design, layout-design (topography) of an integrated circuit, or mark or a collective mark, and other marks of ownership, and for all other services performed and materials furnished by the Office, the Director General shall be subject to the supervision of the Secretary of Trade and Industry;

b. Exercise:

1. Exclusive original jurisdiction over petitions for the grant of compulsory licenses for patented inventions, and special compulsory licenses for the importation of patented drugs and medicines. The decisions of the Office of the Director General over compulsory licensing cases shall be appealable to the Court of Appeals in accordance with the Rules of Court;
2. Exclusive appellate jurisdiction over all decisions rendered by the Director of Legal Affairs, the Director of Patents, the Director of Trademarks, the Director of Copyright and Related Rights, and the Director of the Innovation and Business Development in the performance of their quasi-judicial functions.

The decisions of the Office of the Director General in the exercise of its appellate jurisdiction in respect of the decisions of the Director of Legal Affairs, Director of Patents, the Director of Trademarks, and the Director of Copyright and Related Rights, shall be appealable to the Court of Appeals in accordance with the Rules of Court: *Provided*, That the decisions of the Director General in respect of the decisions of the Director of Innovation and Business

Development on Technology Transfer Arrangements shall be appealable to the Secretary of Trade and Industry. The Director General may form divisions under the Office of the Director General in the exercise of the appellate functions and promulgate rules of procedure and practice pursuant to this paragraph.

- c. Undertake enforcement functions supported by relevant enforcement agencies for the purpose of:
 - 1. Visits and inspections during reasonable hours to establishments and businesses based on report or information by owner(s) or holder(s) of the intellectual property rights received by the Office, of activities suspected to be in violation of this Act; and
 - 2. Ordering provisional remedies to address any alleged violation of intellectual property rights.
- d. The power to hold in contempt all those who disregard orders of writs issued in the exercise of the powers and functions provided in this subsection; and
- e. Such other functions in furtherance of the objectives of this Act.

7.3. *Qualifications.* - The Director General and the Deputies Director General must be natural born citizens of the Philippines, at least thirty-five (35) years of age on the day of their appointment, holders of a college degree, and of proven competence, integrity, probity and independence: *Provided*, That the Director General and at least one (1) Deputy Director General shall be members of the Philippine Bar who have engaged in the practice of law for at least ten (10) years: *Provided further*, That the second Deputy Director General shall have at least a Master's Degree in Business Management or other similar courses with seven (7) years of experience in management. In the selection of the Director General and the Deputies Director General, consideration shall be

given to such qualifications as would result, as far as practicable, in the balanced representation in the Directorate General of the various fields of intellectual property.

- 7.4. *Term of Office.* - The Director General and the Deputies Director General shall be appointed by the President for a term of five (5) years and shall be eligible for reappointment only once. Appointment to any vacancy shall be only for the unexpired term of the predecessor.

SECTION 8. *The Bureau of Patents.* -The Bureau of Patents, through the Director of Patents, shall have the following functions:

- 8.1. Search and examination of patent applications and the grant of patents;
- 8.2. Registration of utility models, industrial designs, and integrated circuits;
- 8.3. Conduct studies and researches in the field of patents in order to assist the Director General in formulating policies on the administration and examination of patents;
- 8.4. Accept and hold in custody, in accordance with the relevant laws on archiving, all the applicants filed with the Bureau, grants or certificates of registration issued by it, and other similar documents, as well as issue certified copies of such documents;
- 8.5. Establish and maintain registries of patents, utility models, industrial designs, and layout-designs (topographies) of integrated circuits;
- 8.6. Publish applications and grants of patents; and registrations of utility models, industrial designs, and layout-designs (topographies) of integrated circuits; and
- 8.7. Perform such other functions related to the foregoing.

SECTION 9. *The Bureau of Trademarks.* -The Bureau of Trademarks shall have the following functions:

- 9.1. Search and examination of the applications for the registration of marks, and other marks of ownership and the issuance of the certificates of registration;
- 9.2. Conduct studies and researches in the field of trademarks in order to assist the Director General in formulating policies on the administration and examination of trademarks;
- 9.3. Accept and hold in custody, in accordance with the relevant laws on archiving, all the applications filed with the Bureau, certificates of registration issued by it, and other similar documents, as well as issue certified copies of such documents;
- 9.4. Establish and maintain registries of trademarks, well-known marks, and other marks of ownership;
- 9.5. Publish applications and registrations of trademarks, and other marks of ownership; and
- 9.6. Perform such other functions related to the foregoing.

SECTION 10. *The Bureau of Copyright and Related Rights.* -The Bureau of Copyright and Related Rights shall have the following functions:

- 10.1. Exercise original jurisdiction to resolve disputes relating to copyright and related rights, except those falling within the jurisdiction of the Bureau of Legal Affairs;
- 10.2. Accept, review and decide on applications for the accreditation of collective management organizations or similar entities;
- 10.3. Conduct studies and researches in the field of copyright and related rights, including fair use of works, in order to assist the Director General in formulating policies, rules and regulations on copyright and related rights;
- 10.4. Establish and maintain registries involving copyright and related rights by itself or in coordination with other government agencies, entities, and private stakeholders; and
- 10.5. Perform such other functions related to the foregoing.

SECTION 11.*The Bureau of Legal Affairs.* -The Bureau of Legal Affairs shall have the following functions:

11.1. Adjudicate:

- a. opposition to the application for registration of trademarks and other marks of ownership;
- b. cancellation of trademarks and other marks of ownership;
- c. subject to the provisions of Section 65, cancellation of patents, utility models, industrial designs, and layout-designs (topographies) of integrated circuits;
- d. petition for declaration as true and actual inventor;
- e. revocation of declaration as true and actual inventor;
- f. petition for declaration of ownership or of having the right to intellectual property; and
- g. revocation of declaration of ownership or of having the right to intellectual property.

11.2.

- a. Exercise original and exclusive jurisdiction in administrative complaints for violations of laws involving intellectual property rights: *Provided*, That availment of the provisional remedies may be granted in accordance with the Rules of Court. The Bureau shall have the power to hold and punish for contempt all those who disregard orders or writs issued in the course of the proceedings.
- b. After formal investigation, the Bureau may impose one (1) or more of the following administrative penalties:
 1. The issuance of a cease and desist order which shall specify the acts that the respondent shall cease and desist from and to require the submission of a compliance report within a reasonable time which shall be fixed in the order;

2. The acceptance of a voluntary assurance of compliance or discontinuance as may be imposed. Such voluntary assurance may include one or more of the following:
 - i. An assurance to comply with the provisions of the intellectual property law violated;
 - ii. An assurance to refrain from engaging in unlawful and unfair acts and practices subject of the formal investigation;
 - iii. An assurance to recall, replace, repair, or refund the money value of defective goods distributed in commerce; and
 - iv. An assurance to reimburse the complainant the expenses and costs incurred in prosecuting the case in the Bureau of Legal Affairs.

The Bureau may also require the respondent to submit periodic compliance reports and file a bond to guarantee compliance of his undertaking;

3. The condemnation or seizure of products which are subject of the offense. The goods seized hereunder shall be disposed of in such manner as may be deemed appropriate by the Bureau, such as by destruction, sale, donation to distressed local governments or to charitable or relief institutions, exportation, recycling into other goods, or any combination thereof, under such guidelines as the Bureau may provide;
4. The forfeiture of paraphernalia, machines, equipment and personal properties which have been used in the violation of intellectual property rights;
5. The imposition of administrative fines which shall in no case be less than Five thousand pesos (Php5,000) nor more than Five hundred thousand pesos (Php500,000). In addition, an additional fine of not less

than One thousand pesos (Php1,000) shall be imposed for each day of continuing violation;

6. The cancellation of any license, authority, or registration which may have been granted by the Office, or the suspension of the validity thereof for such period of time as the Bureau may deem reasonable which shall not exceed one (1) year;
 7. The withholding of any license, authority, or registration which is being secured by the respondent from the Office;
 8. The assessment and award of damages, including such profits the infringer may have made due to such infringement and advertising revenues; and when appropriate, exemplary, nominal or moral damages, attorney's fees, and costs of litigation;
 9. Censure; and
 10. Other analogous penalties or sanctions, which may include turn-over of websites and domain names, when warranted.
- 11.3. Establish and administer alternative dispute resolution mechanisms;
- 11.4. Provide assistance to other bureaus and offices of the IPOPHL, including legal review, study, and similar tasks; and
- 11.5. The Director General may by regulations establish the procedure to govern the implementation of this Section: *Provided*, That in all proceedings before the Bureau, the equitable principles of laches, estoppel and acquiescence, where applicable, may be considered and applied.

SECTION 12. *The Bureau of Innovation and Business Development.* -The Bureau of Innovation and Business Development shall have the following functions:

12.1. Foster innovation and business development such as:

- a. Promoting the use of patent information as a strategic tool to facilitate the development of technology in the country;
- b. Encouraging the utilization and commercialization of intellectual property through various modes, including technology transfer and licensing arrangements, creation of spin-offs and start-ups;
- c. Performing patent search, analytics, mapping, and similar activities;
- d. Registering technology transfer arrangements;
- e. Adopt and package intellectual property information regarding security agreements, assignments, licenses, and other instruments relating to the transmission of any inchoate or vested right, title, or interest in and to intellectual property rights mentioned in Sec. 4.2;
- f. Providing advisory services on:
 1. the use of intellectual property as a tool to promote competitiveness;
and
 2. the formulation of intellectual property policies.

12.2. Establish networks, coordinate and collaborate with creators, innovators innovation centers, relevant government agencies, institutions and industries.

SECTION 13. *The Bureau of Regional Operations.* -The Bureau of Regional Operations shall:

- 13.1. Initiate programs that will foster an intellectual property-inspired culture of innovation and creativity in the regions and provinces of the country;
- 13.2. Implement plans, programs and projects of the Office and its bureaus that will ensure the efficient delivery of its services in the regions;

- 13.3. Develop linkages and partnerships with regional offices of other government agencies, local government units (LGUs) and local academic institutions to advance intellectual property-focused programs in the regions;
- 13.4. Render intellectual property-related services that promote the effective use and respect of intellectual property in the regions; and
- 13.5. Perform such other functions that will promote the mandate of the Office including overseeing the operations of the regional offices, satellite, extension or field offices that may be established.

SECTION 14. *The Information Technology Service.* -The Information Technology Service shall:

- 14.1. Plan, develop, and implement information technology (IT) strategies and policies in collaboration with all offices and bureaus to ensure the optimal application and utilization of IT resources and services; and
- 14.2. Develop and maintain databases, application systems, and network infrastructure systems to support all office and bureau operations.

SECTION 15. *The Finance and Administrative Service.* – The Finance and Administrative Service shall comprise of three (3) divisions, namely: the Finance Division, Administrative Division, and the Human Resource Development Division.

- 15.1. The Finance Division shall formulate and manage a financial program to ensure availability and proper utilization of funds, provide for an effective monitoring system of the financial operations of the Office;
- 15.2. The Administrative Division shall:
 - a. Provide services relative to procurement and allocation of supplies and equipment, transportation, messengerial work, cashiering, payment of salaries and other obligations of the Office, maintenance, and proper safety and security of the Office, as well as other utility services;

- b. Comply with government regulatory requirements in the areas of performance appraisal, compensation and benefits, employment records and reports; and
- c. Receive all applications filed with the Office and collect fees therefore.

15.3. The Human Resource Development Division shall design and implement human resource development plans and programs for the personnel of the Office; provide for present and future manpower needs of the organization; maintain high morale and favorable employee attitudes towards the organization through the continuing design and implementation of employee development programs.

SECTION 16. *Intellectual Property Research and Training Center (IP Academy).* -

16.1. A center for training and research on intellectual property shall have the following functions:

- a. Adopt and implement capacity building programs and activities to build awareness and respect for intellectual property and develop programs to promote creativity, innovation, and utilization of intellectual property;
- b. Prepare modules and courses, and conduct lecture courses on intellectual property and intellectual property-related matters;
- c. Conduct and publish research on intellectual property and intellectual property-related matters;
- d. Establish partnerships and cooperation arrangements with local or foreign agencies, educational institutions, and organizations to enhance intellectual property research and education in the country; and
- e. Conduct training and learning programs to recognize, accredit and certify intellectual property agents, representatives and other persons representing applicants or other parties before the Office.

16.2. The Director General shall approve the fees charged by the IP Academy and the remuneration of lecturers and researchers, subject to relevant laws, rules, and regulations.

SECTION 17. *The National Council on Intellectual Property Rights (NCIPR).* – There shall be created a National Council on Intellectual Property Rights under this Act.

17.1. *Composition.* – The NCIPR shall be composed of the following members:

- a. Department of Trade and Industry;
- b. Intellectual Property Office of the Philippines;
- c. Department of Justice;
- d. Department of Interior and Local Government;
- e. Department of Information and Communications Technology;
- f. Bureau of Customs;
- g. National Telecommunications Commission;
- h. Optical Media Board;
- i. National Bureau of Investigation;
- j. Philippine National Police;
- k. Food and Drug Administration;
- l. National Book Development Board;
- m. Office of the Special Envoy for Transnational Crimes; and
- n. Such other agencies as may be called upon by the NCIPR. (

The NCIPR shall be co-chaired by the Secretary of Trade and Industry and by the Director General. Each member shall designate a permanent representative with the rank of Undersecretary or Assistant Secretary. The Office shall provide secretariat services to the NCIPR.

17.2. *Functions.* – The NCIPR shall act as the primary inter-agency body on efforts against intellectual property rights violations and shall have the following functions:

- a. Formulate strategic plans and programs;
- b. Assist in the public information and education campaign on the importance of intellectual property rights;
- c. Facilitate and assist in the effective enforcement and prosecution of violators of intellectual property rights;
- d. Recommend measures to the legislative, executive, and judicial departments to ensure timely and effective enforcement and adjudication of intellectual property rights cases;
- e. Maintain a database and enforcement monitoring system, consolidated information and reports from other agencies, and submit periodic reports;
- f. Coordinate with other government agencies and the private sector efforts on matters related to intellectual property rights enforcement.

To perform these functions, each of the NCIPR member-agencies shall establish and maintain a permanent intellectual property unit with regular and adequate resources, personnel, and budgetary support allocated from their respective funds.

17.3. *Sub-Committee on Enforcement of Intellectual Property Rights in the Digital Environment.* - To effectively and expeditiously address intellectual property rights infringement in the digital environment, the NCIPR shall establish a Sub-Committee, which shall hear and evaluate complaints of infringing activities on-line. The Sub-Committee shall have the power to issue orders that will restrict, limit, reduce, or disable the capability of online platforms and the persons operating them to engage in infringing activities including, but not limited to such measures as taking or shutting down or permanent closure of websites or online platforms, removing allegedly infringing materials, or blocking access thereto including payment gateways. The order shall be

immediately implemented by the concerned agency as specified in the order, compliance of which shall be monitored by the NCIPR.

The NCIPR shall designate three (3) of the permanent representatives, except the Secretary of Trade and Industry and the Director General, to be part of the Sub-Committee. The members of the Sub-Committee shall be entitled to receive honoraria to be sourced from the budget of the agencies concerned.

SECTION 18. *Use of Intellectual Property Rights Fees by the Office. –*

18.1 For a more effective and expeditious implementation of this Act, the Director General shall be authorized to retain, without need of a separate approval from any government agency, and subject only to the existing accounting and auditing rules and regulations, all the fees, fines, royalties, other charges and income collected by the Office under this Act and the other laws that the Office will be mandated to administer, for use in its operations, like upgrading of its facilities, equipment outlay, human resource development, and the acquisition of the appropriate office space, among others, to improve the delivery of its services to the public. This amount, which shall be in addition to the Office's annual budget, shall be deposited and maintained in a separate account or fund, which may be used or disbursed directly by the Director General.

18.2 The Director General shall, subject to the approval of the Secretary of Trade and Industry, determine if the fees and charges mentioned in Subsection 18.1 hereof that the Office shall collect are sufficient to meet its budgetary requirements. If so, it shall retain all the fees, fines, royalties, other charges and income it shall collect under the same conditions indicated in said Subsection 18.1. The Office shall cease to receive funds from the annual budget of the National Government, unless the Director General has determined that the retained fees, fines, royalties, other charges and income of the Office will not be sufficient to fund its operations, as certified by the Secretary of Trade and Industry.

18.3 The Office shall be allowed to accept grants, donations and all other endowments from local and external sources in accordance with pertinent laws, rules and regulations.

18.4 There shall also be established a legal fund out of the interest earned from the retained income for use in case of legal actions against the officials and employees of the Office in the course of the exercise of their official functions and duties.

SECTION 19. *Special Technical and Scientific Assistance.* - The Director General is empowered to obtain the assistance of technical, scientific or other qualified officers and employees of other departments, bureaus, offices, agencies and instrumentalities of the Government, including corporations owned, controlled or operated by the Government, when deemed necessary in the consideration of any matter submitted to the Office relative to the enforcement of the provisions of this Act.

SECTION 20. *Seal of Office.* - The Office shall have a seal, the form and design of which shall be approved by the Director General.

SECTION 21. *Publication of Laws and Regulations.* - The Director General shall cause to be printed and made available for distribution, pamphlet copies of this Act, other pertinent laws, executive orders and information circulars relating to matters within the jurisdiction of the Office.

SECTION 22. *The IPOPHL Gazette.* - All matters required to be published under this Act shall be published in the Office's own publication to be known as the IPOPHL Gazette.

SECTION 23. *Disqualification of Officers and Employees of the Office.* - All officers and employees of the Office shall not apply or act as an attorney or agent of an application for a grant of patent, for the registration of a utility model, industrial

design, layout-design (topographies) of an integrated circuit, mark, other marks of ownership, nor acquire, except by hereditary succession, any patent or utility model, design registration, or mark or any right, title or interest therein during their employment and for one (1) year thereafter.

PART III^[SEP]
PATENTS, UTILITY MODELS, INDUSTRIAL DESIGNS, AND
LAYOUTDESIGNS (TOPOGRAPHIES) OF INTEGRATED CIRCUITS

Chapter I^[SEP] DEFINITIONS

SECTION 24. *Definition of Terms.* – As used in this Part II, the following terms shall have the following meanings:

- 24.1. "Bureau" refers to the Bureau of Patents;
- 24.2. "Director" refers to the Director of Patents;
- 24.3. "Examiner" refers to the patent examiner;
- 24.4. "Patent application" or "application" refers to an application for a patent for an invention except in Chapters IX and X where application means an application for a utility model and an industrial design or layout-design (topography) of integrated circuit, respectively;
- 24.5. "Priority date" refers to the date of filing of the foreign application for the same invention referred to in Section 35 of this Act;
- 24.6. "Provisional Patent Application" refers to an application that serves to establish an early filing date with the view of filing a later regular patent application. The provisional application contains provisional description, at least one provisional claim, drawings and sequence listings, if applicable. Provisional application will not be examined nor get published, automatically withdrawn or abandoned after twelve (12) months and cannot be the subject of a revival; and

24.7. "Regulations" means the Rules of Practice in Patent, Utility Model, and Industrial Design or the Layout-Designs (Topographies) of Integrated Circuit Regulations formulated by the Director of Patents and promulgated by the Director General, whichever is applicable;

Chapter II^[SEP] PATENTABILITY

SECTION 25. *Patentable Inventions.* -Any technical solution of a problem in any field of human activity which is new, involves an inventive step and is industrially applicable shall be patentable. It may be, or may relate to, a product, or process, or an improvement of any of the foregoing.

SECTION 26. *Non-Patentable Inventions.* -The following shall be excluded from patent protection:

26.1. Discoveries, scientific theories and mathematical methods, and in the case of drugs and medicines, the mere discovery of a new form or new property of a known substance which does not result in the enhancement of the known efficacy of that substance, or the mere discovery of any new property or new use for a known substance, or the mere use of a known process unless such known process results in a new product that employs at least one new reactant.

For the purpose of this clause, salts, esters, ethers, polymorphs, metabolites, pure form, particle size, isomers, mixtures of isomers, complexes, combinations, and other derivatives of a known substance shall be considered to be the same substance, unless they differ significantly in properties with regard to efficacy;

26.2. Schemes, rules and methods of performing mental acts, playing games or doing business, and programs for computers;

26.3. Methods for treatment of the human or animal body by surgery or therapy and diagnostic methods practiced on the human or animal body. This provision shall not apply to products and composition for use in any of these methods;

26.4. Plant varieties or animal breeds or essentially biological process for the production of plants or animals. This provision shall not apply to microorganisms and non-biological and microbiological processes.

Provisions under this subsection shall not preclude Congress to consider the enactment of a law providing *sui generis* protection of plant varieties and animal breeds and a system of community intellectual rights protection;

26.5. Aesthetic creations; and

26.6. Anything which is contrary to public order or morality.

SECTION 27. *Novelty.* -An invention shall not be considered new if it forms part of a prior art.

SECTION 28. *Prior Art.* -Prior art shall consist of:

28.1. Everything which has been made available to the public anywhere in the world, before the filing date or the priority date of the application claiming the invention; and

28.2. The whole contents of an application for a patent, utility model, or industrial design registration, published in accordance with this Act, filed or effective in the Philippines, with a filing or priority date that is earlier than the filing or priority date of the application: *Provided*, That the application which has validly claimed the filing date of an earlier application under Section 35 of this Act, shall be prior art with effect as of the filing date of such earlier application:

Provided further, That the applicant or the inventor identified in both applications are not one and the same.

SECTION 29. *Non-Prejudicial Disclosure. –*

29.1. The disclosure of information contained in the application during the twelve (12) months preceding the filing date or the priority date of the application shall not prejudice the applicant on the ground of lack of novelty if such disclosure was made by:

- a. The inventor;
- b. A patent office, and the information is contained (1) in another application filed by the inventor and should not have been disclosed by the Office, or (2) in an application filed without the knowledge or consent of the inventor by a third party which obtained the information directly or indirectly from the inventor; or
- c. A third party, which obtained the information directly or indirectly from the inventor.

29.2. For the purposes of Subsection 29.1, "inventor" also means any person who, at the filing date of application, had the right to the patent.

SECTION 30. *Inventive Step. -*

30.1 An invention involves an inventive step if, having regard to prior art, it is not obvious to a person skilled in the art at the time of the filing date or priority date of the application claiming the invention.

30.2 In the case of drugs and medicines, there is no inventive step if the invention results from the mere discovery of a new form or new property of a known substance which does not result in the enhancement of the known efficacy of that substance, or the mere discovery of any new property or new use for a

known substance, or the mere use of a known process unless such known process results in a new product that employs at least one new reactant.

SECTION 31. *Industrial Applicability.* - An invention that can be produced and used in any industry shall be industrially applicable.

Chapter III ^[11]_[SEP] RIGHT TO A PATENT

SECTION 32. *Right to a Patent.* - The right to a patent belongs to the inventor, his heirs, or assigns. When two (2) or more persons have jointly made an invention, the right to a patent shall belong to them jointly.

SECTION 33. *First to File Rule.* - If two (2) or more persons have made the invention separately and independently of each other, the right to the patent shall belong to the person who filed an application for such invention, or where two or more applications are filed for the same invention, to the applicant who has the earliest filing date or, the earliest priority date.

SECTION 34. *Inventions Created Pursuant to a Commission.* -

34.1. The person who commissions the work shall own the patent, unless otherwise provided in the contract.

34.2. In case the employee made the invention in the course of his employment contract, the patent shall belong to:

- a. The employee, if the inventive activity is not a part of his regular duties even if the employee uses the time, facilities and materials of the employer.
- b. The employer, if the invention is the result of the performance of his regularly-assigned duties, unless there is an agreement, express or implied, to the contrary.

SECTION 35. *Right of Priority.* - An application for patent filed by any person who has previously applied for the same invention in another country which by treaty, convention, or law affords similar privileges to Filipino citizens, shall be considered as filed as of the date of filing the foreign application or a provisional application filed in the Office: *Provided, That:*

- a. the local application expressly claims priority;
- b. it is filed within twelve (12) months from the date the earliest foreign application was filed or within twelve (12) months from the date the provisional application was filed in the Office; and
- c. a certified copy of:
 - i. the foreign application together with an English translation is filed within six (6) months from the date of filing in the Philippines; or
 - ii. the provisional application as filed, was accorded a filing date, and requirements on Section 43.1 are met; otherwise Section 44 shall apply.

Chapter IV^[11]_[SEP] PATENT APPLICATION

SECTION 36. *The Application.* -

36.1. The patent application shall be in Filipino or English and shall contain the following:

- a. A request for the grant of a patent;
- b. A description of the invention;
- c. Drawings necessary for the understanding of the invention;
- d. One or more claims; and
- e. An abstract.

36.2. No patent may be granted unless the application identifies the inventor. If the applicant is not the inventor, the Office may require him to submit said authority.

SECTION 37. *The Request.* - The request shall contain a petition for the grant of the patent, the name and other data of the applicant, the inventor and the agent and the title of the invention.

SECTION 38. *Disclosure and Description of the Invention.* -

38.1 *Disclosure.* - The application shall disclose the invention in a manner sufficiently clear and complete for it to be carried out by a person skilled in the art. Where the application concerns a microbiological process or the product thereof and involves the use of a micro-organism which cannot be sufficiently disclosed in the application in such a way as to enable the invention to be carried out by a person skilled in the art, and such material is not available to the public, the application shall be supplemented by a deposit of such material with an international depository institution.

38.2 *Description.* - The Regulations shall prescribe the contents of the description and the order of presentation.

SECTION 39. *The Claims.* -

39.1 The application shall contain one (1) or more claims which shall define the matter for which protection is sought. Each claim shall be clear and concise, and shall be supported by the description.

39.2 The Regulations shall prescribe the manner of the presentation of claims.

SECTION 40. *The Abstract.* - The abstract shall consist of a concise summary of the disclosure of the invention as contained in the description, claims and drawings in preferably not more than one hundred fifty (150) words. It must be drafted in a way which allows the clear understanding of the technical problem, the gist of the solution of that problem through the invention, and the principal use or uses of the invention. The abstract shall merely serve for technical information.

SECTION 41. *Unity of Invention. –*

41.1. The application shall relate to one invention only or to a group of inventions forming a single general inventive concept.

41.2. If several independent inventions which do not form a single general inventive concept are claimed in one application, the Director may require that the application be restricted to a single invention. A later application filed for an invention divided out shall be considered as having been filed on the same day as the first application: *Provided*, That the later application is filed within four (4) months after the requirement to divide becomes final, or within such additional time, not exceeding four (4) months, as may be granted: *Provided further*, That each divisional application shall not go beyond the disclosure in the initial application.

The fact that a patent has been granted on an application that did not comply with the requirement of unity of invention shall not be a ground to cancel the patent.

SECTION 42. *Information Concerning Corresponding Foreign Application for Patents.*

- The applicant shall, at the request of the Director, furnish him with the date and number of any application for a patent filed by him abroad, hereafter referred to as the "foreign application," relating to the same or essentially the same invention as that claimed in the application filed with the Office and other documents relating to the foreign application.

Chapter V PROCEDURE FOR GRANT OF PATENT

SECTION 43. *Filing Date Requirements. –*

43.1. The filing date of a patent application shall be the date of receipt by the Office of at least the following:

- a. An express or implicit indication that a Philippine patent is sought;
- b. Information identifying the applicant; and

- c. Description of the invention and at least one (1) claim in Filipino or English.

43.2. In the case of the provisional patent application, the filing date shall be the date of receipt by the Office of all of the following:

- a. Request Form for provisional application;
- b. Provisional description of the invention;
- c. At least one (1) provisional claim;
- d. Provisional drawings and/or sequence listings, if applicable; and
- e. Payment of the prescribed fee.

43.3. If any of these elements is not submitted within the period set by the Regulations, the application shall be considered withdrawn.

SECTION 44. *According a Filing Date.* - The Office shall examine whether the patent or provisional patent application satisfies the requirements for the grant of date of filing as provided in Section 43 hereof. If the date of filing cannot be accorded, the applicant shall be given an opportunity to correct the deficiencies in accordance with the implementing Regulations. If the application does not contain all the elements indicated in Section 43, the filing date should be that date when all the elements are received. If the deficiencies are not remedied within the prescribed time limit, the application shall be considered withdrawn.

SECTION 45. *Formality Examination.* -

45.1. After the patent application has been accorded a filing date and the required fees have been paid on time in accordance with the Regulations, the applicant shall comply with the formal requirements specified by Section 36 and the Regulations within the prescribed period, otherwise the application shall be considered withdrawn.

- 45.2. The Regulations shall determine the procedure for the re-examination and revival of an application as well as the appeal to the Director of Patents from any final action by the examiner.

SECTION 46. *Classification and Search.* -An application that has complied with the formal requirement shall be classified and a search conducted to determine the prior art.

SECTION 47. *Publication of Patent Application.* –

- 47.1. The patent application shall be published in the IPOPHL Gazette together with a search document established by or on behalf of the Office citing any documents that reflect prior art, after the expiration of eighteen (18) months from the filing date or priority date.
- 47.2. After publication of a patent application, any interested party may inspect the application documents filed with the Office.
- 47.3. The Director General, subject to the approval of the Secretary of Trade and Industry, may prohibit or restrict the publication of an application, if in his opinion, to do so would be prejudicial to the national security and interests of the Republic of the Philippines.

SECTION 48. *Confidentiality.*–

- 48.1. *Confidentiality Before Publication of a Patent Application.* - A patent application, which has not yet been published, and all related documents, shall not be made available for inspection without the consent of the applicant.
- 48.2. *Strict Confidentiality of Provisional Patent Application.* – A provisional patent application that has satisfied the requirements set forth by Sections 43 and 44 shall be kept in the strictest confidence by the Office and as such, will not be published in the IPOPHL Gazette or in any other means of publication.

Provisional applications filed that are abandoned shall be destroyed and no records of which shall be kept by the Office.

SECTION 49. *Rights Conferred by a Patent Application After Publication.* - The applicant shall have all the rights of a patentee under Section 217 (*Patent Infringement*) against any person who, without his authorization, exercised any of the rights conferred under Section 75 (72) (*Rights Conferred by a Patent*) of this Act in relation to the invention claimed in the published patent application, as if a patent had been granted for that invention: *Provided*, That the said person had:

- a. Actual knowledge that the invention that he was using was the subject matter of a published application; or
- b. Received written notice that the invention that he was using was the subject matter of a published application being identified in the said notice by its serial number: *Provided*, That the action may not be filed until after the grant of patent on the published application pursuant to 228 of this Code.

SECTION 50. *Observation by Third Parties.* - Following the publication of the patent application, any person may present observations in writing concerning the patentability of the invention. Such observations shall be communicated to the applicant who may comment on them. The Office shall acknowledge and put such observations and comment in the file of the application to which it relates.

SECTION 51. *Request for Substantive Examination.* -

- 51.1 The application shall be deemed withdrawn unless within six (6) months from the date of publication under Section 44, a written request to determine whether a patent application meets the requirements of Sections 25 to 31 and Sections 36 to 42 and the fees have been paid on time.

51.2 Withdrawal of the request for examination shall be irrevocable and shall not authorize the refund of any fee.

SECTION 52. *Amendment of Application.* - An applicant may amend the patent application during examination: *Provided*, That such amendment shall not include new matter outside the scope of the disclosure contained in the application as filed.

SECTION 53. *Grant of Patent.* -

53.1. If the application meets the requirements of this Act, the Office shall grant the patent: *Provided*, That all the fees are paid on time.

53.2. If the required fees for grant and printing are not paid in due time, the application shall be deemed to be withdrawn.

SECTION 54. *Refusal of the Application.* -

54.1. The final order of refusal of the examiner to grant the patent shall be appealable to the Director in accordance with this Act.

54.2. The Regulations shall provide for the procedure by which an appeal from the order of refusal from the Director shall be undertaken.

SECTION 55. *Publication Upon Grant of Patent.* -

55.1. The grant of the patent together with other related information shall be published in the IPOPHL Gazette within the time prescribed by the Regulations.

55.2. Any interested party may inspect the complete description, claims, and drawings of the patent on file with the Office.

SECTION 56. *Contents of Patent.* - The patent shall be issued in the name of the Republic of the Philippines under the seal of the Office and shall be signed by the

Director, and registered together with the description, claims, and drawings, if any, in books and records of the Office.

SECTION 57. *Term of Patent.* - The term of a patent shall be twenty (20) years from the filing date of the application.

SECTION 58. *Annual Fees.* -

58.1. To maintain the patent application or patent, an annual fee shall be paid upon the expiration of four (4) years from the date the application was published pursuant to Section 47 hereof, and on each subsequent anniversary of such date. Payment may be made within three (3) months before the due date. The obligation to pay the annual fees shall terminate should the application be withdrawn, refused, or cancelled.

58.2. If the annual fee is not paid, the patent application shall be deemed withdrawn or the patent considered as lapsed from the day following the expiration of the period within which the annual fees were due. A notice that the application is deemed withdrawn or the lapse of a patent for non-payment of any annual fee shall be published in the IPOPHL Gazette and the lapse shall be recorded in the Register of the Office.

58.3. A grace period of six (6) months shall be granted for the payment of the annual fee, upon payment of the prescribed surcharge for delayed payment.

SECTION 59. *Surrender of Patent.* -

59.1. The owner of the patent, with the consent of all persons having grants or licenses or other right, title or interest in and to the patent and the invention covered thereby, which have been recorded in the Office, may surrender the patent or any claim or claims forming part thereof to the Office for cancellation.

59.2. A person may notify the Office opposing the surrender of a patent under this section, in which case, the Bureau shall notify the proprietor of the patent and determine the question.

59.3. If satisfied that the patent may properly be surrendered, the Office may accept the offer to surrender and, as from the day when notice of its acceptance is published in the IPOPHL Gazette, the patent shall cease to have effect, but no action for infringement shall lie and no right of compensation shall accrue for any use of the patented invention before that day for the services of the government.

SECTION 60. *Changes in Patents. -*

60.1. The owner of a patent shall have the right to request the Bureau to make the changes in the patent in order to:

- a. Limit the extent of the protection conferred by it;
- b. Correct obvious mistakes or to correct clerical errors; and
- c. Correct mistakes or errors, other than those referred to in letter (b), made in good faith: *Provided*, That where the change would result in a broadening of the extent of protection conferred by the patent, no request may be made after the expiration of two (2) years from the grant of a patent and the change shall not affect the rights of any third party which has relied on the patent, as published.

60.2. No change in the patent shall be permitted under this section, where the change would result in the disclosure contained in the patent going beyond the disclosure contained in the application filed.

60.3. If, and to the extent to which the Office changes the patent according to this section, it shall publish the same.

SECTION 61. *Form and Publication of Amendment.* -An amendment or correction of a patent shall be accomplished by a certificate of such amendment or correction, authenticated by the seal of the Office and signed by the Director, which certificate shall be attached to the patent. Notice of such amendment or correction shall be published in the IPOPHL Gazette and copies of the patent kept or furnished by the Office shall include a copy of the certificate of amendment or correction.

Chapter VI

[[SEP]] CANCELLATION OF PATENTS AND [[SEP]] SUBSTITUTION OF PATENTEE **SECTION 62.** *Cancellation of Patents.* -

62.1. Any interested person may, upon payment of the required fee, petition to cancel the patent or any claim thereof, or parts of the claim, on any of the following grounds:

- a. The invention is non-patentable pursuant to Section 26 of this Act;
- b. That what is claimed as the invention is not new, does not involve an inventive step, or is not industrially applicable; or
- c. 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.

62.2. Where the grounds for cancellation relate to some of the claims or parts of the claim, cancellation may be effected to such extent only.

SECTION 63. *Requirement of the Petition.* - The petition for cancellation shall be in writing, verified by the petitioner or by any person in his behalf who knows the facts, specify the grounds upon which it is based, include a statement of the facts to be relied upon, and filed with the Office. Copies of printed publications or of patents of other countries, and other supporting documents mentioned in the petition shall be attached thereto, together with the translation thereof in English, if not in the English language.

SECTION 64. *Notice of Hearing.* - Upon the filing of a petition for cancellation, the Director of Legal Affairs shall forthwith serve notice of the filing thereof upon the patentee and all persons having grants or licenses, or any other right, title or interest in and to the patent and the invention covered thereby, as appears of record in the Office, and of notice of the date of hearing thereon on such persons and the petitioner. Notice of the filing of the petition shall be published in the IPOPHL Gazette.

SECTION 65. *Committee of Three.* - In cases involving highly technical issues, on motion of any party, the Director of Legal Affairs may order that the petition be heard and decided by a committee composed of the Director of Legal Affairs as chairman and two (2) 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 shall be appealable to the Director General.

The Director General may constitute a Committee of Three with a different composition for appealed cases.

SECTION 66. *Cancellation of the Patent by the Committee of Three.* -

66.1. If the Committee finds that a case for cancellation has been proved, it shall order the patent or any specified claim or claims thereof cancelled.

66.2. If the Committee finds that, taking into consideration the amendment made by the patentee during the cancellation proceedings, the patent and the invention to which it relates meet the requirement of this Act, it may decide to maintain the patent as amended: Provided, That the fee for printing of a new patent is paid within the time limit prescribed in the Regulations.

66.3. If the fee for the printing of a new patent is not paid in due time, the patent should be revoked.

66.4. If the patent is amended under Subsection 66.2 hereof, the Bureau shall, at the same time as it publishes the mention of the cancellation decision, publish the abstract, representative claims and drawings indicating clearly what the amendments consist of.

SECTION 67. *Effect of Cancellation of Patent or Claim.* -The rights conferred by the patent or any specified claim or claims cancelled shall terminate. Notice of the cancellation shall be published in the IPO Gazette. Unless restrained by the Director General, the decision or order to cancel by Director of Legal Affairs shall be immediately executory even pending appeal.

Chapter VII REMEDIES OF A PERSON WITH A RIGHT TO A PATENT

SECTION 68. *Remedy of the True and Actual Inventor or a Person having the Right to a Patent.* - A person who was deprived of the patent or the right to file a patent application may file an action with the court or with the Bureau of Legal Affairs for a declaration as the true and actual inventor, or as a person having the right to a patent or to file a patent application.

SECTION 69. *Effect of Declaration as the True and Actual Inventor or a Person Having the Right to a Patent.* - A person declared by final order or decision of the court or by the Bureau of Legal Affairs to be the true and actual inventor or to have the right to the patent or to file a patent application may, within three (3) months after the decision has become final and executory, notify the Bureau of Patents of any or more applicable options, namely:

- a. Prosecute the application as his own in place of the applicant;
- b. File a new patent application in respect of the same invention: *Provided*, That the filing or priority date of the old application is retained;
- c. Request that the application be rejected; or

- d. Seek cancellation of the patent, or to be substituted as patentee, if one has already been issued.

In case of fraud, the court or Bureau of Legal Affairs may award actual and other damages in favor of the true and actual inventor or person having the right to a patent, if warranted by the circumstances.

SECTION 70. *Publication of the Court Order.* -The court shall furnish the Office a copy of the order or decision referred to in Section 69, which shall be published in the IPO Gazette within three (3) months from the date such order or decision became final and executory, and shall be recorded in the register of the Office.

SECTION 71. *Time to File Action.* - The actions indicated in Sections 68 and 69 may be filed at any time but not later than one (1) year from the date of publication of the grant.

Chapter VIII ^[L]_{SEP} RIGHTS OF PATENTEEES

SECTION 72. *Rights Conferred by Patent.* –

72.1. A patent shall confer on its owner the following exclusive rights:

- a. Where the subject matter of a patent is a product, to restrain, prohibit and prevent any unauthorized person or entity from making, using, offering for sale, selling or importing that product;
- b. Where the subject matter of a patent is a process, to restrain, prevent or prohibit any unauthorized person or entity from using the process, and from manufacturing, dealing in, using, selling or offering for sale, or importing any product obtained directly or indirectly from such process.

72.2. Patent owners shall also have the right to assign, or transfer by succession the patent, and to conclude licensing contracts for the same.

SECTION 73. *Limitations of Patent Rights.* -The owner of a patent has no right to prevent third parties from performing, without his authorization, the acts referred to in Section 73 hereof in the following circumstances:

- 73.1. Using a patented product which has been put on the market in the Philippines by the owner of the product, or with his express consent, insofar as such use is performed after that product has been so put on the said market: *Provided*, That with regard to drugs and medicines, the limitation on patent rights shall apply after a drug or medicine has been introduced in the Philippines or anywhere else in the world by the patent owner, or by any party authorized to use the invention: *Provided, further*, That the right to import the drugs and medicines contemplated in this section shall be available to any government agency or any private third party;
- 73.2. Where the act is done privately and on a non-commercial scale or for a noncommercial purpose: *Provided*, That it does not significantly prejudice the economic interests of the owner of the patent;
- 73.3. Where the act consists of making or using exclusively for experimental use of the invention for scientific purposes or educational purposes and such other activities directly related to such scientific or educational experimental use;
- 73.4. In the case of drugs and medicines, where the act includes testing, using, making or selling the invention including any data related thereto, solely for purposes reasonably related to the development and submission of information and issuance of approvals by government regulatory agencies required under any law of the Philippines or of another country that regulates the manufacture, construction, use or sale of any product without prejudice to the protection of the data submitted by the original patent holder from unfair commercial use provided in Article 39.3 of the Agreement on Trade-Related

Aspects of Intellectual Property Rights (TRIPS Agreement) and the appropriate rules and regulations;

73.5. Where the act consists of the preparation for individual cases, in a pharmacy or by a medical professional, of a medicine in accordance with a medical prescription or acts concerning the medicine so prepared; and

73.6. Where the invention is used in any ship, vessel, aircraft, or land vehicle of any other country entering the territory of the Philippines temporarily or accidentally: *Provided*, That such invention is used exclusively for the needs of the ship, vessel, aircraft, or land vehicle and not used for the manufacturing of anything to be sold within the Philippines.

SECTION 74. *Prior User.* –

74.1. Notwithstanding Section 73 hereof, any prior user, who, in good faith was using the invention or has undertaken serious preparations to use the invention in an enterprise or business owned by such prior user, before the filing date or priority date of the application on which a patent is granted, shall have the right to continue the use thereof as envisaged in such preparations within the territory where the patent produces its effect.

74.2. The right of the prior user may only be transferred or assigned together with the enterprise or business, or with that part of the enterprise or business in which the use or preparations for use have been made.

SECTION 75. *Use of Invention by Government.* –

75.1. A Government agency or third person authorized by the Government may exploit the invention even without agreement of the patent owner where:

- a. The public interest, in particular, national security, nutrition, health or the development of other sectors, as determined by the appropriate agency of the government, so requires; or
- b. A judicial or administrative body has determined that the manner of exploitation, by the owner of the patent or his licensee, is anti-competitive; or
- c. In the case of drugs and medicines, there is a national emergency or other circumstance of extreme urgency requiring the use of the invention; or
- d. In the case of drugs and medicines, there is a public non-commercial use of the patent by the patentee, without satisfactory reason; or
- e. In the case of drugs and medicines, the demand for the patented article in the Philippines is not being met to an adequate extent and on reasonable terms, as determined by the Secretary of the Department of Health.

75.2. Unless otherwise provided herein, the use by the Government, or third person authorized by the Government shall be subject, where applicable, to the following provisions:

- a. In situations of national emergency or other circumstances of extreme urgency as provided under Section 75.1 (c), the right holder shall be notified as soon as reasonably practicable;
- b. In the case of public non-commercial use of the patent by the patentee, without satisfactory reason, as provided under Section 75.1 (d), the right holder shall be informed promptly: *Provided, That*, the Government or third person authorized by the Government, without making a patent search, knows or has demonstrable ground to know that a valid patent is or will be used by or for the Government;
- c. If the demand for the patented article in the Philippines is not being met to an adequate extent and on reasonable terms as provided under Section 75.1 (e), the right holder shall be informed promptly;
- d. The scope and duration of such use shall be limited to the purpose for which it was authorized;

- e. Such use shall be non-exclusive;
- f. The right holder shall be paid adequate remuneration in the circumstances of each case, taking into account the economic value of the authorization; and
- g. The existence of a national emergency or other circumstances of extreme urgency, referred to under Section 75.1 (c), shall be subject to the determination of the President of the Philippines for the purpose of determining the need for such use or other exploitation, which shall be immediately executory.

75.3. All cases arising from the implementation of this provision shall be cognizable by courts with appropriate jurisdiction provided by law.

No court, except the Supreme Court of the Philippines, shall issue any temporary restraining order or preliminary injunction or such other provisional remedies that will prevent its immediate execution.

SECTION 76. *Extent of Protection and Interpretation of Claims. –*

76.1. The extent of protection conferred by the patent shall be determined by the claims, which are to be interpreted in the light of the description and drawings.

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

SECTION 77. *Process Patents; Burden of Proof.* - If the subject matter of a patent is a process for obtaining a product, any identical product shall be presumed to have been obtained through the use of the patented process if the product is new or there is substantial likelihood that the identical product was made by the process and the owner of the patent has been unable despite reasonable efforts, to determine the process actually used. In ordering the defendant to prove that the process to obtain

the identical product is different from the patented process, the court shall adopt measures to protect, as far as practicable, his manufacturing and business secrets.

SECTION 78. *Patent Found Invalid May be Cancelled.* -In an action for infringement, if the court shall find the patent or any claim to be invalid, it shall cancel the same, and the Director of Legal Affairs upon receipt of the final judgment of cancellation by the court, shall record that fact in the register of the Office and shall publish a notice to that effect in the IPO Gazette.

SECTION 79. *Assessor in Infringement Action.* –

79.1. Two (2) or more assessors may be appointed by the court. The assessors shall be possessed of the necessary scientific and technical knowledge required by the subject matter in litigation. Either party may challenge the fitness of any assessor proposed for appointment.

79.2. Each assessor shall receive a compensation in an amount to be fixed by the court and advanced by the complaining party, which shall be awarded as part of his costs should he prevail in the action.

Chapter IX REGISTRATION OF UTILITY MODELS

SECTION 80. *Applicability of Provisions Relating to Patents.* –

80.1. Subject to Section 81, the provisions governing patents shall apply, *mutatis mutandis*, to the registration of utility models.

80.2. Where the right to a patent conflicts with the right to a utility model registration in the case referred to in Section 33, the said provision shall apply as if the word "patent" were replaced by the words "patent or utility model registration."

SECTION 81. *Special Provisions Relating to Utility Models.* –

81.1. An invention qualifies for registration as a utility model if it is new and industrially applicable. Section 25, "Patentable Inventions", shall apply except the reference to inventive step as a condition of protection.

81.2. Sections 46, 47, 48, 49, 50, 51 and 52 shall not apply in the case of applications for registration of a utility model: *Provided*, That applications for registration shall be published. Third parties may file with the Director of Patents a sworn adverse information citing grounds or information that the utility model is nonregistrable. The Director of Patents shall decide whether or not to register the utility model application based on information or registrability report that the application does not comply with Section 80.

81.3. A utility model registration shall expire, without any possibility of renewal, after seven years from the filing date of the application.

81.4. In proceedings under Sections 62, 63, 64 and 65, the utility model registration shall be cancelled on the following grounds:

- a. That the claimed invention does not qualify for registration as a utility model and does not meet the requirements of registrability, in particular having regard to Subsection 81.1 and Sections 26, 27, 28 and 31;
- 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 invention has not been furnished;
- d. That the owner of the utility model registration is not the inventor or his successor in title.

SECTION 82. *Conversion of Patent Applications or Applications for Utility Model Registration. –*

82.1. At any time before the grant of a patent, an applicant may, upon payment of the prescribed fee, convert his application into an application for registration

of a utility model, which shall be accorded the filing date of the initial application. An application may be converted only once.

82.2. At any time before the grant or refusal of a utility model registration, an applicant for a utility model registration may, upon payment of the prescribed fee, convert his application into a patent application, which shall be accorded the filing date of the initial application.

SECTION 83. *Filing of Parallel Applications.* -An applicant may file two (2) applications for the same subject, one for registration of utility model and the other for the grant of an invention patent whether simultaneously or consecutively, within one year from the filing of the first application. The processing of the applications shall proceed independently: *Provided*, That once the patent is granted to the invention application, the utility model application or registration shall be cancelled in accordance with the rules promulgated by the Office. In case of provisional patent application, the applicant cannot file simultaneously or consecutively a utility model application until the provisional patent application proceeds to a patent application.

Chapter X ^[1]~~SEP~~ INDUSTRIAL DESIGNS

SECTION 84. *Definition.* -An Industrial Design is any composition of lines or colors or any three-dimensional form, whether or not associated with lines or colors: *Provided*, That such composition or form gives a special appearance to and can serve as pattern for an industrial product or handicraft.

Parts or components of such product or handicraft may be subject for industrial design registration independent of the protection given to industrial designs of such product or handicraft as a whole, provided, that such parts or components meet the requirements for protection of industrial designs.

SECTION 85. *Conditions for Protection.* -

85.1. Independently created industrial designs that are new or original may be protected. The industrial design may have an ornamental feature or element.
(n)

85.2. Industrial designs dictated essentially by technical or functional considerations to obtain a technical result or those that are contrary to public order, health or morals shall not be protected.

SECTION 86. *Several Industrial Designs in One Application.* - Two (2) or more industrial designs may be the subject of the same application: *Provided*, That they relate to the same sub-class of the International Classification or to the same set or composition of articles. For this purpose, a “set of articles” which is customarily sold or used together as a set may be made a proper subject matter in one application for design registration, provided that each article is of, or has, the same design or a substantially similar design.

SECTION 87. *Application of Other Sections and Chapters.* -

87.1. The following provisions relating to patents shall apply *mutatis mutandis* to an industrial design registration:

Section 27 - Novelty

Section 28 - Prior art: *Provided*, That the disclosure is contained in printed documents or in any tangible form;

Section 29 - Non-prejudicial Disclosure;

Section 32 - Right to a Patent;

Section 33 - First to File Rule;

Section 34 - Inventions Created Pursuant to a Commission;

Section 35 - Right of Priority: *Provided*, That the application for industrial design shall be filed within six (6) months from the earliest filing date of the corresponding foreign application;

Section 205- Appointment of Agent or Representative/ Representation;
Address for Service.

Section 54 - Refusal of the Application;

Sections 59, 208 and 60 - Surrender, Correction of and Changes in Patent;
Chapter VII - Remedies of a Person with a Right to Patent;
Chapter VIII and Part VI Chapter III - Rights of Patentees and Infringement of
Patents; and
Part VI, Chapter II - Assignment and Transmission of Rights

87.2. If the essential elements of an industrial design which is the subject of an application have been obtained from the creation of another person without his consent, protection under this Chapter cannot be invoked against the injured party.

SECTION 88. *The Term of Industrial Design Registration. -*

88.1. The registration of an industrial design shall be for a period of five (5) years from the filing date of the application.

88.2. The registration of an industrial design may be renewed for not more than two (2) consecutive periods of five (5) years each, by paying the renewal fee.

88.3. The renewal fee shall be paid within twelve (12) months preceding the expiration of the period of registration. However, a grace period of six (6) months shall be granted for payment of the fees after such expiration, upon payment of a surcharge.

88.4. The Regulations shall fix the amount of renewal fee, the surcharge and other requirements regarding the recording of renewals of registration.

SECTION 89. *Cancellation of Design Registration. -*

89.1. At any time during the term of the industrial design registration, any person upon payment of the required fee, may petition the Director of Legal Affairs to cancel the industrial design on any of the following grounds:

- a. If the subject matter of the industrial design is not registrable within the terms of Sections 84 and 85;
- 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.

89.2. Where the grounds for cancellation relate to a part of the industrial design, cancellation may be effected to such extent only. The restriction may be effected in the form of an alteration of the effected features of the design.

Chapter XI LAYOUT-DESIGNS (TOPOGRAPHIES) OF INTEGRATED CIRCUITS

SECTION 90. *Definition of Terms. -*

90.1. Integrated Circuit means a product, in its final form, or an intermediate form, in which the elements, at least one of which is an active element and some or all of the interconnections are integrally formed in and/or on a piece of material, and which is intended to perform an electronic function; and

90.2. Layout-Design is synonymous with "Topography" and means the threedimensional 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.

SECTION 91. *Conditions for Protection. -*

91.1. Only layout-designs of integrated circuits that are original shall benefit from protection under this Act. A layout-design shall be considered original if it is the result of its creator's own intellectual effort and is not commonplace among creators of layout-designs and manufacturers of integrated circuits at the time of its creation.

91.2. A layout-design consisting of a combination of elements and interconnections that are commonplace shall be protected only if the combination, taken as a whole, is original.

SECTION 92. *Application of Other Sections and Chapters.* - The following provisions relating to patents shall apply *mutatis mutandis* to a layout-design of integrated circuits registration:

Section 32 -	Right to a Patent;
Section 33 -	First to File Rule;
Section 34-	Inventions Created Pursuant to a Commission;
Section 205-	Appointment of Agent or Representative/Representations;
Section 59 -	Surrender of Patent;
Section 207-	Correction of Mistakes of the Office;
Section 208 -	Correction of Mistakes in the Application;
Section 60 -	Changes in Patents;
Section 61-	Form and Publication of Amendment;
Chapter VII -	Remedies of a Person with a Right to Patent;

Chapter VIII and Part VII Chapter III- Rights of Patentees and Infringement of Patents: *Provided*, That the layout-design rights and limitation of layout-design rights provided hereunder shall govern:

Part VII, Chapter II- Assignment and Transmission of Rights

SECTION 93. *Rights Conferred on the Owner of a Layout-Design Registration.* - The owner of a layout-design registration shall enjoy the following rights:

93.1. To reproduce, whether by incorporation in an integrated circuit or otherwise, the registered layout-design in its entirety or any part thereof, except the act of reproducing any part that does not comply with the requirement of originality; and

93.2. To sell or otherwise distribute for commercial purposes the registered layout-design, an article or an integrated circuit in which the registered layout-design is incorporated.

SECTION 94. *Limitations of Layout Rights.* - The owner of a layout design has no right to prevent third parties from reproducing, selling or otherwise distributing for commercial purposes the registered layout-design in the following circumstances:

- 94.1. Reproduction of the registered layout-design for private purposes or for the sole purpose of evaluation, analysis, research or teaching;
- 94.2. Where the act is performed in respect of a layout-design created on the basis of such analysis or evaluation and which is itself original in the meaning as provided herein;
- 94.3. Where the act is performed in respect of a registered lay-out-design, or in respect of an integrated circuit in which such a layout-design is incorporated, that has been put on the market by or with the consent of the right holder;
- 94.4. In respect of an integrated circuit where the person performing or ordering such an act did not know and had no reasonable ground to know when acquiring the integrated circuit or the article incorporating such an integrated circuit, that it incorporated an unlawfully reproduced layout-design: *Provided, however,* That after the time that such person has received sufficient notice that the layout-design was unlawfully reproduced, that person may perform any of the said acts only with respect to the stock on hand or ordered before such time and shall be liable to pay to the right holder a sum equivalent to at least 5% of net sales or such other reasonable royalty as would be payable under a freely negotiated license in respect of such layout-design; or
- 94.5. Where the act is performed in respect of an identical layout-design which is original and has been created independently by a third party.

SECTION 95. *Term of Protection of Layout-Design Registration.* - Registration of a layout-design shall be valid for a period of ten (10) years, without renewal, and such

validity to be counted from the date of commencement of the protection accorded to the layout-design. The protection of a layout-design under this Act shall commence:

95.1. On the date of the first commercial exploitation, anywhere in the world, of the layout-design by or with the consent of the right holder: *Provided*, That an application for registration is filed with the Office within two (2) years from such date of first commercial exploitation; or

95.2. On the filing date accorded to the application for the registration of the layoutdesign if the layout-design has not been previously exploited commercially anywhere in the world.

Chapter XII COMMON PROVISIONS FOR INDUSTRIAL DESIGN AND LAYOUTDESIGN

SECTION 96. *Contents of the Application. –*

96.1. Every application for registration of an industrial design or layout-design shall contain:

- a. A request for registration of the industrial design or layout-design;
- b. Information identifying the applicant;
- c. An indication of the kind of article of manufacture or handicraft to which the industrial design or layout-design shall be applied;
- d. A representation of the article of manufacture or handicraft by way of drawings, photographs or other adequate graphic representation of the industrial design or of the layout-design as applied to the article of manufacture or handicraft which clearly and fully discloses those features for which protection is claimed; and

- e. The name and address of the creator, or where the applicant is not the creator, a statement indicating the origin of the right to the industrial design or layout-design registration.

96.2. The application may be accompanied by a specimen of the article embodying the industrial design or layout-design and shall be subject to the payment of the prescribed fee.

SECTION 97. *Formality Examination.* –

97.1. The Office shall accord as the filing date the date of receipt of the application containing indications allowing the identity of the applicant to be established and a representation of the article embodying the industrial design or the layout-design or a pictorial representation thereof.

97.2. If the application does not meet these requirements, the filing date should be that date when all the elements specified in Section 96 are filed or the mistakes corrected. Otherwise if the requirements are not complied within the prescribed period, the application shall be considered withdrawn.

97.3. After the conduct of a formality examination and upon full compliance with the prescribed formality requirements, the application for registration shall be published. Third parties may file with the Director of Patents adverse information citing grounds or information that the design is not new or not registrable. The Director shall decide whether or not to grant the industrial design registration based on such information.

An applicant has the option to file a request for deferred publication simultaneously with the filing of the application or at any time prior to publication date. The maximum period allowed for the deferred publication of an Industrial Design application shall be thirty (30) months from the filing date or priority date of the application. In case the request for the deferred

publication is made after the filing of the application, the allowable period for the deferred publication shall be the remaining time from the allowed thirty (30) months deferred publication period. The applicant/s may request for a specific time for this Office to publish the application, provided it does not go beyond the allowed deferment period of thirty (30) months.

SECTION 98. *Registration. –*

98.1. The conditions referred to in Sections 84 and 85 are deemed fulfilled in the absence of adverse information or where an adverse information was resolved by the Director in favor of the applicant, the Director shall issue the registration of the industrial design or layout-design; otherwise, it shall refuse the application.

The Director may decide whether or not to register the industrial design or layout-design application based on information or registrability report that the application does not comply with Sections 84 and 85.

98.2. The form and contents of an industrial design or layout-design certificate shall be established by the Regulations: *Provided*, That the name and address of the creator shall be mentioned in every case.

98.3. Registration shall be published in the form and within the period fixed by the Regulations.

98.4. The Office shall record in the register any change in the identity of the proprietor of the industrial design or layout-design or his representative, if proof thereof is furnished to it. A fee shall be paid, with the request to record the change in the identity of the proprietor. If the fee is not paid, the request shall be deemed not to have been filed. In such case, the former proprietor and the former representative shall remain subject to the rights and obligations as provided in this Act.

- 98.5. Anyone may inspect the Register and the files of registered industrial designs or layout-designs including the files of cancellation proceedings.

PART IV INNOVATION AND LICENSING Chapter I DEFINITIONS

SECTION 99. *Definition of Terms.* – As used in Part IV:

- 99.1. “Bureau” means the Bureau of Innovation and Business Development; (n)
- 99.2. “Commercialization” as a form of utilization, refers to the process of deriving economic gain from a technology, such as but not limited to the creation of a spin-off company, or through licensing, or the sale of the technology and/or intellectual property rights;
- 99.3. “Innovation and Technology Support Offices” refer to patent libraries and research-related institutions, that facilitate the promotion, creation, protection, commercialization, and utilization of intellectual property;
- 99.4. “Licensing” refers to a contract or agreement wherein an intellectual property rights owner and another who is authorized to use such rights in exchange for an agreed payment, fee, or royalty;
- 99.5. “Utilization” refers to the use of intellectual property or intellectual property rights, whether or not for commercial use.

Chapter II PROMOTING CREATION, INNOVATION, UTILIZATION, AND COMMERCIALIZATION OF INTELLECTUAL PROPERTY

SECTION 100. *Stimulating Innovation.* – The Bureau shall implement policies and programs to promote and support innovation through, but not limited to the following:

- 100.1. Capacity building on intellectual property management and commercialization;
- 100.2. Technical assistance on valuation of intellectual property;

- 100.3. Assistance to inventors and micro, small, and medium enterprises in getting support for research and development, management, and commercialization of their intellectual property;
- 100.4. Enter into partnerships with other agencies, institutions, organizations, or entities, public or private, covering intellectual property promotion, creation, protection, commercialization, and utilization; and
- 100.5. Establishment of Innovation and Technology Support Offices in research and development institutions, state universities and colleges, other higher educational institutions, technical-vocational institutions, and other relevant public or private institutions.

SECTION 101. *Adoption of Intellectual Property (IP) Policies.* - Schools universities, research and development institutions and public entities shall adopt intellectual property policies and programs. Similarly, private entities are encouraged to adopt intellectual property policies. These policies may be developed in relation to licensing agreements entered into for purposes of implementing the state policies under this Act.

CHAPTER III VOLUNTARY LICENSING

SECTION 102. *Voluntary License Contract.* -

- 102.1. To encourage the transfer and dissemination of technology, prevent or control practices and conditions that may in particular cases constitute an abuse of intellectual property rights having an adverse effect on competition and trade, all technology transfer arrangements shall comply with the provisions of this Chapter.

102.2. *Prohibited Clauses.* - Except in cases under Section 102.4, the following provisions shall be deemed *prima facie* to have an adverse effect on competition and trade:

- a. Those which impose upon the licensee the obligation to acquire from a specific source capital goods, intermediate products, raw materials, and other technologies, or of permanently employing personnel indicated by the licensor: *Provided*, That such imposition is essential for maintaining the quality of the products or services produced or rendered under the agreements: *Provided further*, That this does not constitute anticompetitive behavior;
- b. Those pursuant to which the licensor reserves the right to fix the sale or resale prices of the products manufactured on the basis of the license;
- c. Those that contain restrictions regarding the volume and structure of production;
- d. Those that prohibit the use of competitive technologies in a non-exclusive technology transfer agreement;
- e. Those that establish a full or partial purchase option in favor of the licensor;
- f. Those that obligate the licensee to transfer for free to the licensor the inventions or improvements that may be obtained through the use of the licensed technology;
- g. Those that require payment of royalties to the owners of patents for patents which are not used;
- h. Those that prohibit the licensee to export the licensed product unless justified for the protection of the legitimate interest of the licensor such as exports to countries where exclusive licenses to manufacture and/or distribute the licensed product(s) have already been granted;
- i. Those which restrict the use of the technology supplied after the expiration of the technology transfer arrangement, except in cases of early termination of the technology transfer arrangement due to reason(s) attributable to the licensee;

- j. Those which require payments for patents and other industrial property rights after their expiration, termination arrangement;
- k. Those which require that the technology recipient shall not contest the validity of any of the patents of the technology supplier;
- l. Those which restrict the research and development activities of the licensee designed to absorb and adapt the transferred technology to local conditions or to initiate research and development programs in connection with new products, processes or equipment;
- m. Those which prevent the licensee from adapting the imported technology to local conditions, or introducing innovation to it, as long as it does not impair the quality standards prescribed by the licensor;
- n. Those which exempt the licensor for liability for non-fulfillment of his responsibilities under the technology transfer arrangement and/or liability arising from third party suits brought about by the use of the licensed product or the licensed technology; and
- o. Other clauses with equivalent effects.

102.3. *Mandatory Provisions.* - The following provisions shall be included in voluntary license contracts:

- a. That the laws of the Philippines shall govern the interpretation of the same and in the event of litigation or any other mode of dispute resolution, the venue shall be the proper court in the place where the licensee has its principal office;
- b. Continued access to improvements in techniques and processes related to the technology shall be made available during the period of the technology transfer arrangement;
- c. The Philippine taxes on all payments relating to the technology transfer arrangement shall be borne by the licensor; and
- d. The technology transfer arrangement shall provide for arbitration or any other mode of alternative dispute resolution including mediation, which shall be conducted in a manner agreed upon by the parties. In the absence

of any agreement by the parties, the Rules on Alternative Dispute Resolution promulgated by the Office shall apply. In all cases, the venue shall be the Philippines or in any neutral third country.

102.4. *Exceptional Cases.* - The Bureau of Innovation and Business Development may grant exemption from any of the above requirements, after evaluation thereof in a case by case basis, in exceptional or meritorious cases where substantial benefits will accrue to the economy, such as:

- a. high technology content;
- b. increase in foreign direct investment;
- c. employment generation;
- d. regional dispersal of industries and/or substitution with or use of local raw materials; or
- e. in the case of Board of Investments, registered companies with pioneer status.

SECTION 103. *Effect of Non-Registration with the Bureau of Innovation and Business Development.* - Technology transfer arrangements that conform with the provisions of Sections 102.2 and 102.3 need not be registered with the Bureau of Innovation and Business Development. Non-conformance with any of the said provisions however, shall automatically render the technology transfer arrangement unenforceable, unless said technology transfer arrangement is approved and registered with the Bureau under the provisions of Section 102.4 on exceptional cases.

SECTION 104. *Rights in a Licensing Agreement.* -

104.1. *Rights of Licensor.* - In the absence of any provision to the contrary in the technology transfer arrangement, the grant of a license shall not prevent the licensor from granting further licenses to third person nor from exploiting the subject matter of the technology transfer arrangement.

104.2. *Rights of Licensee.* - The licensee shall be entitled to exploit the subject matter of the technology transfer arrangement during the whole term of the technology transfer arrangement.

SECTION 105. *License Contracts.* –

105.1 Any license contract concerning the registration of a mark, or an application therefor, shall provide for effective control by the licensor of the quality of the goods or services of the licensee in connection with which the mark is used. If the license contract does not provide for such quality control, or if such quality control is not effectively carried out, the license contract shall not be valid.

105.2 A license contract shall be submitted to the Office which shall keep its contents confidential but shall record it and publish a reference thereto. A license contract shall have no effect against third parties until such recording is effected. The Regulations shall fix the procedure for the recording of the license contract.

SECTION 106. *Jurisdiction to Settle Disputes on Royalties.* -The Director of the Bureau of Innovation and Business Development shall exercise quasi-judicial jurisdiction in the settlement of disputes between parties to a technology transfer arrangement arising from technology transfer payments, including the fixing of appropriate amount or rate of royalty.

Chapter IV ~~11~~COMPULSORY LICENSING

SECTION 107. *Grounds for Compulsory Licensing.* - The Director General may grant a license to exploit a patented invention, even without the agreement of the patent owner, in favor of any person who has shown his capability to exploit the invention, under any of the following circumstances:

107.1. National emergency or other circumstances of extreme urgency;

- 107.2. Where the public interest, in particular, national security, nutrition, health or the development of other vital sectors of the national economy as determined by the appropriate agency of the Government, so requires;
- 107.3. Where a judicial or administrative body has determined that the manner of exploitation by the owner of the patent or his licensee is anti-competitive;
- 107.4. In case of public non-commercial use of the patent;
- 107.5. If the patented invention is not being worked in the Philippines on a commercial scale, although capable of being worked, without satisfactory reason: *Provided*, That the importation of the patented article shall constitute working or using the patent; or
- 107.6. Where the demand for patented drugs and medicines is not being met to an adequate extent and on reasonable terms, as determined by the Secretary of the Department of Health.

SECTION 108. *Period for Filing a Petition for a Compulsory License. –*

- 108.1. A compulsory license may not be applied for on the ground stated in Subsection 107.5 before the expiration of a period of four (4) years from the date of filing of the application or three (3) years from the date of the patent whichever period expires later.
- 108.2. A compulsory license which is applied for on any of the grounds stated in Subsections 107.2, 107.3, 107.4, 107.6 and Section 111 may be applied for at any time after the grant of the patent.

SECTION 109. *Requirement to Obtain a License on Reasonable Commercial Terms. –*

- 109.1. The license will only be granted after the petitioner has made efforts to obtain authorization from the patent owner on reasonable commercial terms and conditions but such efforts have not been successful within a reasonable period of time.

109.2. The requirement under Subsection 109.1 shall not apply in any of the following cases:

- a. Where the petition for compulsory license seeks to remedy a practice determined after judicial or administrative process to be anti-competitive;
- b. In situations of national emergency or other circumstances of extreme urgency;
- c. In cases of public non-commercial use; and
- d. In cases where the demand for the patented drugs and medicines in the Philippines is not being met to an adequate extent and on reasonable terms, as determined by the Secretary of the Department of Health.

109.3. In situations of national emergency or other circumstances of extreme urgency, the right holder shall be notified as soon as reasonably practicable.

109.4. In the case of public non-commercial use, where the government or contractor, without making a patent search, knows or has demonstrable grounds to know that a valid patent is or will be used by or for the government, the right holder shall be informed promptly.

109.5. Where the demand for the patented drugs and medicines in the Philippines is not being met to an adequate extent and on reasonable terms, as determined by the Secretary of the Department of Health, the right holder shall be informed promptly.

SECTION 110. *Compulsory Licensing of Patents Involving Semiconductor Technology.*

- In the case of compulsory licensing of patents involving semiconductor technology, the license may only be granted in case of public non-commercial use or to remedy a practice determined after judicial or administrative process to be anticompetitive.

SECTION 111. *Compulsory License Based on Interdependence of Patents.*- If the invention protected by a patent, hereafter referred to as the "second patent," within the country cannot be worked without infringing another patent, hereafter referred to as the "first patent," granted on a prior application or benefiting from an earlier priority, a compulsory license may be granted to the owner of the second patent to the extent necessary for the working of his invention, subject to the following conditions:

- 111.1. The invention claimed in the second patent involves an important technical advance of considerable economic significance in relation to the first patent;
- 111.2. The owner of the first patent shall be entitled to a cross-license on reasonable terms to use the invention claimed in the second patent;
- 111.3. The use authorized in respect of the first patent shall be non-assignable except with the assignment of the second patent; and
- 111.4. The terms and conditions of Sections 109, 110, 112 to 114.

SECTION 112. *Form and Contents of Petition.* -The petition for compulsory licensing must be in writing, verified by the petitioner and accompanied by payment of the required filing fee. It shall contain the name and address of the petitioner as well as those of the respondents, the number and date of issue of the patent in connection with which compulsory license is sought, the name of the patentee, the title of the invention, the statutory grounds upon which compulsory license is sought, the ultimate facts constituting the petitioner's cause of action, and the relief prayed for.

SECTION 113. *Procedure for Compulsory Licensing.* -

- 113.1. *Notice of Hearing.* - Upon filing of a petition with the Bureau of Legal Affairs, the Director of Legal Affairs shall forthwith serve notice of the filing thereof upon the patent owner and all persons having grants or licenses, or any other right, title or interest in and to the patent and invention covered thereby as appears of record in the Office, and of notice of the date of hearing thereon, on such persons and petitioner. The resident agent or representative appointed in accordance with Section 205 hereof, shall be bound to accept service of notice of the filing of the petition within the meaning of this Section.

In every case, the notice shall be published by the said Office in a newspaper of general circulation, once a week for three (3) consecutive weeks and once in the IPOPHL Gazette at the applicant's expense.

- 113.2. *Recommendation to the Director General.* – After the conduct of hearing and appropriate proceedings by the Bureau of Legal Affairs, the Director of Legal Affairs shall make the recommendation to the Director General on whether or not to give due course to the petition for compulsory licensing.

The Office of the Director General shall review and approve the recommendation of the Director of Legal Affairs, and shall have the authority to uphold, in whole or part, or deny the recommendation on the petition for compulsory license.

SECTION 114. *Terms and Conditions of Compulsory License. -*

- 114.1. The basic terms and conditions including the adequate remuneration of a compulsory license shall be fixed by the Director General subject to the following conditions:

- a. The scope and duration of such license shall be limited to the purpose for which it was authorized;
- b. The license shall be non-exclusive;
- c. The license shall be non-assignable, except with that part of the enterprise or business with which the invention is being exploited;
- d. Use of the subject matter of the license shall be devoted predominantly for the supply of the Philippine market: *Provided*, That this limitation shall not apply where the grant of the license is based on the ground that the patentee's manner of exploiting the patent is determined by judicial or administrative process, to be anti-competitive.

114.2. The license may be terminated upon proper showing that circumstances which led to its grant have ceased to exist and are unlikely to recur: *Provided*, That adequate protection shall be afforded to the legitimate interest of the licensee; and

114.3. The patentee shall be paid adequate remuneration taking into account the economic value of the grant or authorization, except that in cases where the license was granted to remedy a practice which was determined after judicial or administrative process to be anti-competitive, the need to correct the anticompetitive practice may be taken into account in fixing the amount of remuneration.

SECTION 115. *Amendment, Cancellation, Surrender of Compulsory License. –*

115.1. Upon the request of the patentee or the licensee, the Director General may amend the decision granting the compulsory license, upon proper showing of new facts or circumstances justifying such amendment.

115.2. Upon the request of the patentee, the Director General may cancel the compulsory license:

- a. If the ground for the grant of the compulsory license no longer exists and is unlikely to recur;
- b. If the licensee has neither begun to supply the domestic market nor made serious preparation therefor; or
- c. If the licensee has not complied with the prescribed terms of the license.

115.3. The licensee may surrender the license by a written declaration submitted to the Office.

115.4. The Director General shall cause the amendment, surrender, or cancellation in the Register, notify the patentee, and/or the licensee, and cause notice thereof to be published in the IPOPHL Gazette.

SECTION 116. *Licensee's Exemption from Liability.* - Any person who works a patented product, substance and/or process under a license granted under this Chapter, shall be free from any liability for infringement: *Provided however,* That in the case of voluntary licensing, no collusion with the licensor is proven. This is without prejudice to the right of the rightful owner of the patent to recover from the licensor whatever he may have received as royalties under the license.

Chapter V SPECIAL COMPULSORY LICENSING

SECTION 117. *Procedures on Issuance of a Special Compulsory License under the TRIPS Agreement.* -

117.1. The Director General, upon the written recommendation of the Secretary of the Department of Health, shall, upon filing of a petition, grant a special compulsory license for the importation of patented drugs and medicines. The special compulsory license for the importation contemplated under this provision shall be an additional special alternative procedure to ensure access to quality affordable medicines and shall be primarily for domestic consumption: *Provided,* That adequate remuneration shall be paid to the patent owner either by the exporting or importing country. The compulsory license shall also contain a provision directing the grantee of the license to exercise reasonable measures to prevent the re-exportation of the products imported under this provision.

The grant of a special compulsory license under this provision shall be an exception to Sections 114.1 (d) and 114.3 of this Act and shall be immediately executory.

No court, except the Supreme Court of the Philippines, shall issue any temporary restraining order or preliminary injunction or such other

provisional remedies that will prevent the grant of the special compulsory license.

117.2. A compulsory license shall also be available for the manufacture and export of drugs and medicines to any country having insufficient or no manufacturing capacity in the pharmaceutical sector to address public health problems: *Provided, That*, a compulsory license has been granted by such country or such country has, by notification or otherwise, allowed importation into its jurisdiction of the patented drugs and medicines from the Philippines in compliance with the TRIPS Agreement.

117.3. The right to grant a special compulsory license under this section shall not limit or prejudice the rights, obligations and flexibilities provided under the TRIPS Agreement and under Philippine laws, particularly Sections 73 (a) and 75 of this Act, as amended. It is also without prejudice to the extent to which drugs and medicines produced under a compulsory license can be exported as allowed in the TRIPS Agreement and applicable laws.

PART V

TRADEMARKS, SERVICE MARKS, AND TRADE NAMES

Chapter I DEFINITIONS

SECTION 118. *Definitions.* -As used in Part V, the following terms have the following meanings:

118.1. "Bureau" means the Bureau of Trademarks;

118.2. "Certification mark" means any sign, used or intended for use in commerce with the owner's permission by someone other than its owner, to certify regional or other geographic origin, material, mode of manufacture, quality, accuracy, or other characteristics of someone's goods or services, or that the work or labor

on goods or services was performed by members of a union or other organizations;

118.3. "Collective mark" means any sign designated as such in the application for registration and capable of distinguishing the origin or any other common characteristic, including the quality of goods or services of different enterprises which use the sign under the control of the registered owner of the collective mark;

118.4. "Director" means the Director of Trademarks;

118.5. "Examiner" means the trademark examiner;

118.6. "Mark" means any sign or any combination of signs as may be prescribed by the Regulations, capable of distinguishing the goods (trademark) or services (service mark) of an enterprise from that of another and may include a stamped or marked container of goods;

118.7. "Regulations" means the Rules of Practice in Trademarks and Service Marks formulated by the Director of Trademarks and approved by the Director General; and

118.8. "Trade name" means the name or designation identifying or distinguishing an enterprise.

Chapter II RIGHT TO A MARK

SECTION 119. *Rights to a Mark.* – Any person who intends to use or uses a mark for goods or services may file an application for its registration. The rights in a mark shall be acquired through registration made validly in accordance with the provisions of this law.

Chapter III REGISTRABILITY

SECTION 120. *Registrability.* –

120.1. A mark may be registered if it is distinctive. On the other hand, a mark cannot be registered if it:

- a. Consists of matter which:
 1. is offensive, immoral, deceptive or scandalous, or suggests a distortion of values;
 2. may disparage or falsely suggest a connection with living or dead persons, institutions, entities, beliefs, customs, values, or national symbols, national identity, heritage or patrimony; or
 3. brings any of the foregoing into contempt, disrespect, or disrepute;
- b. Consists of the flag, coat of arms or other insignia of the Philippines or any of its political subdivisions, or of its agencies, or of any foreign nation, or of any foreign international organization, or any simulation thereof;
- c. Consists of a name, portrait or signature identifying a particular living individual except by his written consent, or the name, signature, or portrait of a deceased President of the Philippines, during the life of the surviving spouse, if any, except by written consent of the latter;
- d. Is identical with or is confusingly similar to a registered mark belonging to a different proprietor or a mark with an earlier filing or priority date, in respect of the same goods or services, or closely related goods or services; or nearly resembles a registered mark belonging to a different proprietor or a mark with an earlier filing or priority date as to likely deceive or cause confusion;

- e. Is identical with, or confusingly similar to, or constitutes a translation of a mark which is considered by the competent authority of the Philippines as prescribed in the Regulation to be well-known internationally or in the Philippines, whether or not it is registered here, as being already the mark of a person other than the applicant for registration, and used for identical or similar goods or services: *Provided*, That use of the mark in relation to those goods or services which are not similar to those with respect to which registration is applied for and that the use of such mark in those goods and services would indicate a connection between those goods or services, and the owner of the well-known mark and that the interests of the owner of the well-known mark are likely to be damaged by such use; *Provided finally*, That in determining whether a mark is well-known, account shall be taken of the knowledge of the relevant sector of the public, rather than of the public at large, including knowledge in the Philippines which has been obtained as a result of the promotion of the mark;
- f. Is likely to mislead the public, particularly as to the nature, quality, characteristics or geographical origin of the goods or services;
- g. Consists exclusively of signs that are generic for the goods or services that they seek to identify;
- h. Consists exclusively of signs or of indications that have become customary or usual to designate the goods or services in everyday language or in *bona fide* and established trade practice;
- i. Consists exclusively of signs or of indications that may serve in trade to designate the kind, quality, quantity, intended purpose, value, geographical origin, subject matter, time or production of the goods or rendering of the services, or other characteristics of the goods or

services, except when the application is for the registration of a collective or certification mark covering geographical indication;

- j. Consists of shapes that may be necessitated by technical factors or by the nature of the goods themselves or factors that affect their intrinsic value;
 - k. Consists of color alone, unless defined by a given form;
 - l. Lacks distinctiveness;
 - m. Impairs or dilutes the distinctiveness, or harms the reputation of a wellknown mark, as declared by competent authority, whether registered or not; or
 - n. Is contrary to public order, public policy, or morality.
- 120.2. For the purpose of declaring a mark well-known as provided in paragraph (e), the Director General, Bureau of Legal Affairs, Bureau of Trademarks and judicial authorities are considered competent authorities in relation to their respective functions or jurisdictions.
- 120.3. In determining the likelihood of confusion in paragraphs (d) and (e), primordial consideration shall be given to the dominant feature of the marks.

The similarity of the goods or services covered by the marks is also considered. Goods or services that are in the same class are not necessarily similar. Likewise, goods or services that are in different classes are not necessarily dissimilar.

120.4. As regards signs or devices mentioned in paragraphs (i), (j), and (k) or those where the shapes of the goods themselves or portion thereof are not necessitated by technical factors, their packaging, or containers, nothing shall prevent the registration of any such sign or device which has become distinctive in relation to the goods for which registration is requested as a result of the use that have been made of it in commerce in the Philippines. The Office may accept as *prima facie* evidence that the mark has become distinctive, as used in connection with the applicant's goods or services in commerce, proof of substantially exclusive and continuous use thereof by the applicant in commerce in the Philippines for at least three (3) years before the date on which the claim of distinctiveness is made.

120.5. The nature of the goods to which the mark is applied will not constitute an obstacle to registration.

Chapter IV TRADEMARK APPLICATION

SECTION 121. *Requirements of Application. -*

121.1. The application for the registration of the mark shall be in Filipino or in English and shall contain the following:

- a. A request for registration;
- b. The name and address of the applicant;
- c. The name of a State of which the applicant is a national or where he has domicile; and the name of a State in which the applicant has a real and effective industrial or commercial establishment, if any;
- d. Where the applicant is a juridical entity, the law under which it is organized and existing;
- e. The appointment of an agent or representative, if the applicant is not domiciled in the Philippines;
- f. Where the applicant claims the priority of an earlier application, an indication of:

1. The name of the State with whose national office the earlier application was filed or if filed with an office other than a national office, the name of that office,
 2. The date on which the earlier application was filed, and
 3. Where available, the application number of the earlier application;
- g. Where the applicant claims color as a distinctive feature of the mark, a statement to that effect as well as the name or names of the color or colors claimed and an indication, in respect of each color, of the principal parts of the mark which are in that color;
 - h. Where the mark is a three-dimensional mark, a statement to that effect;
 - i. One or more reproductions of the mark, as prescribed in the Regulations;
 - j. A transliteration or translation of the mark or of some parts of the mark, as prescribed in the Regulations;
 - k. The names of the goods or services for which the registration is sought, grouped according to the classes of the Nice Classification, together with the number of the class of the said Classification to which each group of goods or services belongs; and
 - l. A signature by, or other self-identification of, the applicant or representative.

121.2. One (1) application may relate to several goods and/or services, whether they belong to one (1) class or to several classes of the Nice Classification.

121.3. If during the examination of the application, the Office finds factual basis to reasonably doubt the veracity of any indication or element in the application, it may require the applicant to submit sufficient evidence to remove the doubt.

SECTION 122. *Disclaimers.* - The Office may allow or require the applicant to disclaim an unregistrable component of an otherwise registrable mark but such disclaimer shall not prejudice or affect the applicant's or owner's rights then existing or thereafter arising in the disclaimed matter, nor such shall disclaimer prejudice or

affect the applicant's or owner's right on another application of later date if the disclaimed matter became distinctive of the applicant's or owner's goods, business or services.

SECTION 123. *Filing Date.* –

123.1. *Requirements.* – The filing date of an application shall be the date on which the Office received the duly accomplished prescribed application form containing the following in English or Filipino:

- a. The identity of the applicant;
- b. Contact details of the applicant and his representative, if any;
- c. A reproduction of the mark to be registered; and
- d. The list of the goods and/or services covered by the mark.

123.2. Payment of the required filing fee on or immediately after the date of filing of the above requirements shall confirm the filing date and application number accorded to the application.

SECTION 124. *Signature and Other Means of Self-Identification.* – 124.1.

Where a signature is required, the Office shall accept:

- a. A hand-written signature; or
- b. The use of other forms of signature, such as an electronic, printed or stamped signature, or the use of a seal, instead of a hand-written signature:
Provided, That where a seal is used, it should be accompanied by an indication in letters of the name of the signatory.

124.2. The Office shall accept communications to it by electronic means or the latest technologies subject to the conditions or requirements that will be prescribed by the Regulations.

- 124.3. No attestation, notarization, authentication, legalization or other certification of any signature or other means of self-identification referred to in the preceding paragraphs, will be required, except, where the signature concerns the surrender of a registration.

SECTION 125. *Priority Right.* –

- 125.1. An application for registration of a mark filed in the Philippines by a person referred to in Section 3, and who previously duly filed an application for registration of the same mark in one of those countries, shall be considered as filed as of the day the application was first filed in the foreign country: *Provided*, That the application in the Philippines is filed within six months from the date on which the application was first filed in the foreign country.
- 125.2. Nothing in this section shall entitle the owner of a registration granted under this section to sue for acts committed prior to the date on which his mark was registered in this country: *Provided*, That, notwithstanding the foregoing, the owner of a well-known mark as defined in Section 120.1(e) of this Act, that is not registered in the Philippines, may, against an identical or confusingly similar mark, oppose its registration, or petition the cancellation of its registration or sue for unfair competition, without prejudice to availing himself of other remedies provided for under the law.
- 125.3. In like manner and subject to the same conditions and requirements, the right provided in this section may be based upon a subsequent regularly filed application in the same foreign country: *Provided*, That any foreign application filed prior to such subsequent application has been withdrawn, abandoned, or otherwise disposed of, without having been laid open to public inspection and without leaving any rights outstanding, and has not served, nor thereafter shall serve, as a basis for claiming a right of priority.

Chapter V PROCEDURE FOR REGISTRATION OF TRADEMARK

SECTION 126. *Application Number and Filing Date.* –

126.1. The Office shall examine whether the application satisfies the formalities and substantive requirements for the grant of registration. If the application does not satisfy the registration requirements, the applicant shall be given the opportunity to complete or correct the application as required, otherwise, the application shall be considered abandoned.

126.2. An abandoned application may be revived as a pending application upon good cause shown and the payment of the required fee.

SECTION 127. *Maintenance of Mark.* -

127.1. To maintain the application or registration of the mark, it must be used on goods or services. For this purpose, the applicant or registrant shall file a declaration of actual use of the mark with evidence to that effect within:

- a. Three (3) years and six (6) months from the filing date of the application;
- b. One (1) year from the fifth anniversary of the registration;
- c. One (1) year from date of renewal to be reckoned from the date of renewal;
and
- d. One (1) year from the fifth anniversary of each renewal.

In case of non-use, the applicant or registrant, when warranted, shall instead file a declaration of non-use indicating the grounds and justification therefor as provided under the regulations.

127.2. *Effect of Non-Filing of Declaration of Actual Use or Declaration of Non-Use* - An application or registration shall be deemed abandoned for non-filing of the declaration of actual use or declaration of non-use. An abandoned application or registration may be revived upon the filing of a petition for revival within

three (3) months from the date of abandonment upon payment of the required fees, otherwise the mark shall be refused or removed from the register.

SECTION 128. *Opposition.* - Any person who believes that he would be damaged by the registration of a mark may, upon payment of the required fee and within thirty (30) days after the publication of the application, file with the Bureau of Legal Affairs an opposition thereto. For good cause shown and upon payment of the required surcharge, the time for filing an opposition may be extended by the Director of Legal Affairs, who shall notify the applicant of such extension.

SECTION 129. *Notice and Hearing.* - Upon the filing of an opposition, the Office shall serve notice of the filing on the applicant, and of the date of the hearing thereof upon the applicant and the opposer and all other persons having any right, title or interest in the mark covered by the application, as appear of record in the Office.

SECTION 130. *Remand of Application to the Examiner.* - The Examiner may again exercise jurisdiction over the application upon remand of the Director on the ground of newly discovered information or objection to the registration of the mark. After remand of an application, the amendment(s) recommended by the Examiner, if any, may be approved by the Director and may be made without withdrawing the allowance. The Examiner may likewise issue a subsequent action on the basis of the newly discovered information or objection.

SECTION 131. *Issuance and Publication of Certificate.* - When the period for filing the opposition or appeal has expired or the decision or order has become final and executory, and upon payment by the applicant of the required fee, the Office shall issue the certificate of registration and publish in the IPOPHL Gazette.

SECTION 132. *Classification of Goods and Services.* - Each registration, and any publication of the Office which concerns an application or registration effected by the Office shall indicate the goods or services by their names, grouped according to the

classes of the Nice Classification, and each group shall be preceded by the number of the class of that Classification to which that group of goods or services belongs, presented in the order of the classes of the said Classification.

SECTION 133. *Duration.* – A certificate of registration shall remain in force for ten (10) years from the date of registration.

In case where a motion for extension for the period to file an opposition is granted by the Bureau of Legal Affairs, the mark is deemed registered the day following the expiration of the extension period.

When an opposition is filed, a mark shall be considered registered on the date the decision or final order giving due course to the application becomes final and executory.

Chapter VI RENEWAL OF TRADEMARK REGISTRATION

SECTION 134. *Renewal.* – A certificate of registration may be renewed for periods of ten (10) years at its expiration upon payment of the prescribed fee and upon filing of a request in accordance with the Rules promulgated by the Office.

Chapter VII RIGHTS OF REGISTRANTS

SECTION 135. *Rights Conferred.* –

135.1. Except in cases of importation of drugs and medicines allowed under Section 73 (a) of this Act and of off-patent drugs and medicines, the owner of a registered mark shall have the exclusive right to prevent, prohibit, and restrain all third parties not having the owner's consent from using in the course of trade identical or similar signs or containers for goods or services which are identical or similar to those in respect of which the trademark is registered where such use would result in a likelihood of confusion.

135.2. In case of the use of an identical sign for identical goods or services, a likelihood of confusion shall be presumed.

SECTION 136. *Use of Indications by Third Parties for Purposes Other than those for which the Mark is Used.* - Registration of the mark shall not confer on the registered owner the right to preclude third parties from using bona fide their names, addresses, pseudonyms, a geographical name, or exact indications concerning the kind, quality, quantity, destination, value, place of origin, or time of production or of supply, of their goods or services: *Provided*, That such use is confined to the purposes of mere identification or information and cannot mislead the public as to the source of the goods or services.

Chapter VIII CANCELLATION OF TRADEMARKS

SECTION 137. *Cancellation.* -

137.1. *Cancellation upon Application by Registrant; Amendment or Disclaimer of Registration.* - Upon application of the registrant, the Office may permit any registration to be surrendered for cancellation, and upon cancellation the appropriate entry shall be made in the records of the Office. Upon application of the registrant and payment of the prescribed fee, the Office for good cause may permit any registration to be amended or to be disclaimed in part.

137.2. *Cancellation of Registration.* - A petition to cancel a registration of a mark under this Act may be filed with the Bureau of Legal Affairs by any interested person at any time:

1. if the registration was contrary to the provisions of this Act;
2. if the registration was obtained fraudulently;
3. if the registration was obtained in bad faith;
4. if the mark has been abandoned;

5. if the registered owner of the mark without legitimate reason fails to use the mark within the Philippines, or to cause it to be used in the Philippines by virtue of a license during an uninterrupted period of three and a half (3 1/2) years or longer;
6. if the mark is being used to misrepresent the source of the goods or services on or in connection with which the mark is used; or
7. if the mark has become generic.

If the registered mark becomes the generic name for less than all of the goods or services for which it is registered, a petition to cancel the registration for only those goods or services may be filed. A registered mark shall not be deemed to be the generic name of goods or services solely because such mark is also used as a name of or to identify a unique product or service. The primary significance of the registered mark to the relevant public rather than purchaser motivation shall be the test for determining whether the registered mark has become the generic name of goods or services on or in connection with which it has been used.

- 137.3. Notwithstanding the foregoing provisions, the court or the administrative agency vested with jurisdiction to hear and adjudicate any action to enforce the rights to a registered mark shall likewise exercise jurisdiction to determine whether the registration of said mark may be cancelled in accordance with this Act. The filing of a suit to enforce the registered mark with the proper court or agency shall exclude any other court or agency from assuming jurisdiction over a subsequently filed petition to cancel the same mark. On the other hand, the earlier filing of petition to cancel the mark with the Bureau of Legal Affairs shall not constitute a prejudicial question that must be resolved before an action to enforce the rights to same registered mark may be decided.

Chapter IX TRADE NAMES OR BUSINESS NAMES

SECTION 138. *Trade Names or Business Names.* - A name or designation may not be used as a trade name if by its nature or the use to which such name or designation may be put, it is contrary to public order or morals and if, in particular, it is liable to deceive trade circles or the public as to the nature of the enterprise identified by that name.

SECTION 139. *Protection of Trade Names against Unlawful Acts.* -

139.1. Notwithstanding any laws or regulations providing for any obligation to register trade names, such names shall be protected, even prior to or without registration, against any unlawful act committed by third parties.

139.2. In particular, any subsequent use of the trade name by a third party, whether as a trade name or a mark or collective mark, or any such use of a similar trade name or mark, likely to mislead the public, shall be deemed unlawful.

SECTION 140. The following provisions shall also be applicable to trade names, when appropriate:

Section 129-	Notice and Hearing;
Section 137-	Cancellation of Registration;
Section 218-	Remedies under Section 218 with respect to Trade Names
Section 143 -	Collective Marks;
Sections 148 and 223-	Unfair Competition, Rights, Regulation and Remedies;
Section 149-	False Designations of Origin; False Description or Representation; and
Sections 223-	Injunction and Damages.

SECTION 141. *Assignment and Transfer of Ownership of Trade Names.* - Any change in the ownership of a trade name shall be made with the transfer of the enterprise or

part thereof identified by that name. The provisions of Sections 212 to 215 apply *mutatis mutandis*.

SECTION 142. *Goods Bearing Infringing Marks or Trade Names.* - No article of imported merchandise which shall copy or simulate the name of any domestic product, or manufacturer, or dealer, or which shall copy or simulate a mark registered in accordance with the provisions of this Act, or shall bear a mark or trade name calculated to induce the public to believe that the article is manufactured in the Philippines, or that it is manufactured in any foreign country or locality other than the country or locality where it is in fact manufactured, shall be admitted to entry at any custom house of the Philippines. In order to aid the officers of the customs service in enforcing this prohibition, any person who is entitled to the benefits of this Act, may require that his name and residence, and the name of the locality in which his goods are manufactured, a copy of the certificate of registration of his mark or trade name, to be recorded in books which shall be kept for this purpose in the Bureau of Customs, under such regulations as the Collector of Customs with the approval of the Secretary of Finance shall prescribe, and may furnish to the said Bureau facsimiles of his name, the name of the locality in which his goods are manufactured, or his registered mark or trade name, and thereupon the Collector of Customs shall cause one (1) or more copies of the same to be transmitted to each collector or to other proper officer of the Bureau of Customs.

Chapter X COLLECTIVE MARKS AND CERTIFICATION MARKS

SECTION 143. *Collective Marks and Certification Marks.* -Subject to Sections 144 and 146, Sections 119 to 137 and 142 shall apply to collective marks, except that references therein to "mark" shall be read as "collective mark" or "certification mark."

SECTION 144. *Registration of Collective Marks or Certification Marks.* - An application for registration of a collective mark shall designate the mark as a collective mark and shall be accompanied by a copy of the agreement, if any,

governing the use of the collective mark. An application for registration of a certification mark shall designate the mark as a certification mark and shall be accompanied by a copy of the standards set by the certifier governing the use of the certification mark.

SECTION 145. *Duty to Notify Changes in Agreement or Standards.* - The registered owner of a collective mark or a certification mark shall notify the Director of any changes made in respect of the agreement referred to in Section 144.

SECTION 146. *Cancellation of Collective Marks or Certification Marks.* - In addition to the grounds provided in Sections 212 to 215, the Office or the court shall cancel the registration of a collective mark or certification mark if the person requesting the cancellation proves that the registered owner uses the mark, or uses or permits its use in contravention of the agreements referred to in Sections 144 and 145 or uses or permits its use in a manner liable to deceive trade circles or the public as to the origin or any other common characteristics of the goods or services concerned.

SECTION 147. *Prohibition against Licensing of Collective Marks or Certification Marks.* - The registration of a collective or certification mark, or an application therefor shall not be the subject of a license contract.

Chapter XI

PROTECTION AGAINST UNFAIR COMPETITION, FALSE DESIGNATIONS OF ORIGIN, AND FALSE DESCRIPTION OR REPRESENTATION

SECTION 148. *Protection Against Unfair Competition.* –

148.1. A person who has identified in the mind of the public the business, services or goods that such person manufactures or deals in, from those of others, whether or not a registered mark is employed, has a property right in the goodwill thereof, which will be protected in the same manner as other property rights.

148.2. Any person who shall employ deception or any other means contrary to good faith by which that person shall pass off the business, services or goods manufactured or dealt in by such person for those of the one having established such goodwill, or who shall commit any acts calculated to produce said result, shall be guilty of unfair competition, and shall be subject to an action therefor.

148.3. In particular, and without in any way limiting the scope of protection against unfair competition, the following shall be deemed guilty of unfair competition:

- a. Any person, who is selling his goods and gives them the general appearance of goods of another manufacturer or dealer, either as to the goods themselves or in the wrapping of the packages in which they are contained, or the devices or words thereon, or in any other feature of their appearance, which would be likely to influence purchasers to believe that the goods offered are those of a manufacturer or dealer, other than the actual manufacturer or dealer, or who otherwise clothes the goods with such appearance as shall deceive the public and defraud another of his legitimate trade, or any subsequent vendor of such goods or any agent of any vendor engaged in selling such goods with a like purpose;
- b. Any person who by any artifice, or device, or who employs any other means calculated to induce the false belief that such person is offering the services of another who has identified such services in the mind of the public; or
- c. Any person who shall make any false statement in the course of trade or who shall commit any other act contrary to good faith of a nature calculated to discredit the goods, business or services of another.

148.4. The remedies provided by Sections 223 and 224.2 apply *mutatis mutandis*.

SECTION 149. *Protection Against False Designations of Origin; False Description or Representation.* —Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device,

or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which:

149.1. Is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person; or

149.2. In commercial advertising or promotion, misrepresents the nature, characteristics, sponsorship, qualities, or geographic origin of goods, services, or commercial activities, shall be liable to a civil action for damages and injunction provided in Section 223 of this Act by any interested person.

SECTION 150. Remedies. – Any person who may be or likely to be damaged by the acts in this Chapter may institute a civil action for damages and injunction provided in Section 223 which apply *mutatis mutandis*.

PART VI

COPYRIGHT AND RELATED RIGHTS Chapter I DEFINITIONS

SECTION 151. Definitions. - For the purpose of this Act, the following terms have the following meaning:

151.1. "Author" is the natural person who has created the work;

151.2. "Copyright" refers to the bundle of exclusive economic rights granted by law to an author and subject to certain limitations;

151.3. "Collective Management Organization" shall be any entity engaged in collective management of copyright and related rights subject to the rules and regulations of the Office.

- 151.4. "Collective work" is a work which has been created by two (2) or more natural persons at the initiative and under the direction of another with the understanding that it will be disclosed by the latter under his own name and that contributing natural persons will not be identified;
- 151.5. "Communication to the public" or "communicate to the public" means any communication to the public, including broadcasting, rebroadcasting, retransmitting by cable, broadcasting and retransmitting by satellite, and includes the making of a work available to the public by wire or wireless means in such a way that members of the public may access these works from a place and time individually chosen by them;
- 151.6. "Computer" is an electronic or similar device having information-processing capabilities;
- 151.7. "Computer program" is a set of instructions expressed in words, codes, schemes or in any other form, which is capable when incorporated in a medium that the computer can read, or causing the computer to perform or achieve a particular task or result;
- 151.8. "Public lending" is the transfer of possession of the original or a copy of a work or sound recording for a limited period, for non-profit purposes, by an institution the services of which are available to the public, such as public library or archive;
- 151.9. "Public performance," in the case of a work other than an audiovisual work, is the recitation, playing, dancing, acting or otherwise performing the work, either directly or by means of any device or process; in the case of an audiovisual work, the showing of its images in sequence and the making of the

sounds accompanying it audible; and, in the case of a sound recording, making the recorded sounds audible at a place or at places where persons outside the normal circle of a family and that family's closest social acquaintances are or can be present, irrespective of whether they are or can be present at the same place and at the same time, or at different places and/or at different times, and where the performance can be perceived without the need for communication within the meaning of Subsection 151.5;

151.10. "Published works" means works, which, with the consent of the authors, are made available to the public by wire or wireless means in such a way that members of the public may access these works from a place and time individually chosen by them: *Provided*, That availability of such copies has been such, as to satisfy the reasonable requirements of the public, having regard to the nature of the work;

151.11. "Rental" is the transfer of the possession of the original or a copy of a work or a sound recording for a limited period of time, for profit-making purposes;

151.12. "Reproduction" is the making of one (1) or more copies, temporary or permanent, in whole or in part, of a work or a sound recording in any manner or form without prejudice to the provisions of Section 160 of this Act;

151.13. "Rights management information" means information which identifies the work, sound recording or performance; the author of the work, producer of the sound recording or performer of the performance; the owner of any right in the work, sound recording or performance; or information about the terms and conditions of the use of the work, sound recording or performance; and any number or code that represent such information, when any of these items is attached to a copy of the work, sound recording or fixation of performance or appears in conjunction with the communication to the public of a work, sound recording or performance.

151.14. "Technological measure" means any technology, device or component that, in the normal course of its operation, restricts acts in respect of a work, performance or sound recording, which are not authorized by the authors, performers or producers of sound recordings concerned or permitted by law;

151.15. "Work of applied art" is an artistic creation with utilitarian functions or incorporated in a useful article, whether made by hand or produced on an industrial scale;

151.16. "Work of the Government of the Philippines" is a work created by an officer or employee of the Philippine Government or any of its subdivisions and instrumentalities, including government-owned or controlled corporations as part of his regularly prescribed official duties.

Chapter II ORIGINAL WORKS

SECTION 152. *Literary and Artistic Works.* –

152.1. Literary and artistic works, hereinafter referred to as "works", are original intellectual creations in the literary and artistic domain protected from the moment of their creation. Originality means that the work was independently created by the author's own skill, labor and judgment, whatever may be the mode or form of its expression, and shall include in particular:

- a. Books, pamphlets, articles and other writings;
- b. Periodicals and newspapers;
- c. Lectures, sermons, addresses, dissertations and other works of the same nature;
- d. Letters and other written communications;
- e. Dramatic or dramatico-musical compositions; choreographic works and entertainment in pantomimes;
- f. Musical compositions, with or without words;

- g. Works of drawing, painting, architecture, sculpture, engraving, lithography or other works of art; models or designs for works of art;
- h. Original ornamental designs or models for articles of manufacture, whether or not registrable as an industrial design, and other works of applied art;
- i. Drawings, illustrations, maps, plans, sketches, charts and threedimensional works relative to geography, topography, architecture or science;
- j. Photographic works including works produced by a process analogous to photography; lantern slides;
- k. Audiovisual works and cinematographic works and works produced by a process analogous to cinematography or any process for making audiovisual recordings;
- l. Pictorial illustrations and advertisements;
- m. Computer programs; and
- n. Other literary, scholarly, scientific and artistic works.

152.2. Works are protected by the sole fact of their creation, without need of any formality or registration, irrespective of their mode, medium, or form of expression, as well as of their content, quality and purpose.

Chapter III DERIVATIVE WORKS

SECTION 153. *Derivative Works.* –

153.1. The following derivative works shall also be protected by copyright:

- a. Dramatizations, translations, adaptations, abridgments, arrangements, and other alterations of literary or artistic works; and
- b. Collections of literary, scholarly or artistic works, and compilations of data and other materials which are original by reason of the selection or coordination or arrangement of their contents.

153.2. The works referred to in paragraphs (a) and (b) of Subsection 153.1 shall be protected as new works: *Provided however*, That such new work shall not affect the force of any subsisting copyright upon the original works employed or any part thereof, or be construed to imply any right to such use of the original works, or to secure or extend copyright in such original works.

Chapter IV WORKS NOT PROTECTED

SECTION 154. *Unprotected Subject Matter.* - Notwithstanding the provisions of Sections 152 and 153, no protection shall extend, under this Act, to any of the following:

- 154.1 Any idea, procedure, system, method of operation, concept, principle, discovery or mere data as such, even if they are expressed, explained, illustrated or embodied in a work;
- 154.2 A functional design;
- 154.3 Article of manufacture;
- 154.4 News of the day and other miscellaneous facts having the character of mere items of press information; or
- 154.5 Any official text of a legislative, administrative or legal nature, as well as any official translation thereof.

SECTION 155. *Works of the Government.* -

- 155.1. No copyright shall subsist in any work of the Government of the Philippines. However, prior approval of the government agency or office wherein the work is created shall be necessary for exploitation of such work for profit. Such agency or office may, among other things, impose as a condition the payment of royalties. No prior approval or conditions shall be required for the use of any purpose of statutes, rules and regulations, and speeches, lectures, sermons, addresses, and dissertations, pronounced, read or rendered in courts of justice, before administrative agencies, in deliberative assemblies and in meetings of public character.

155.2. The author of speeches, lectures, sermons, addresses, and dissertations mentioned in the preceding paragraphs shall have the exclusive right of making a collection of such works.

155.3. Notwithstanding the foregoing provisions, the Government is not precluded from receiving and holding copyrights transferred to it by assignment, bequest or otherwise; nor shall publication or republication by the government in a public document of any work in which copyright is subsisting be taken to cause any abridgment or annulment of the copyright or to authorize any use or appropriation of such work without the consent of the copyright owner.

Chapter V COPYRIGHT OR ECONOMIC RIGHTS

SECTION 156. *Copyright or Economic Rights.* - Subject to the provisions of Chapter VII, copyright or economic rights shall consist of the exclusive right to carry out, authorize or prevent the following acts:

156.1 Reproduction of the work or substantial portion of the work;

156.2 Dramatization, translation, adaptation, abridgment, arrangement or other transformation of the work;

156.3 The first public distribution of the original and each copy of the work by sale or other forms of transfer of ownership;

156.4 Rental of the original or a copy of an audiovisual or cinematographic work, a work embodied in a sound recording, a computer program, a compilation of data and other materials or a musical work in graphic form, irrespective of the ownership of the original or the copy which is the subject of the rental;

156.5 Public display of the original or a copy of the work;

156.6 Public performance of the work; and

156.7 Other communication to the public of the work.

Chapter VI SEP OWNERSHIP OF COPYRIGHT

SECTION 157. *Rules on Copyright Ownership.* - Copyright ownership shall be governed by the following rules:

- 157.1. Subject to the provisions of this Section, in the case of original literary and artistic works, copyright shall belong to the author of the work;
- 157.2. In the case of works of joint authorship, the co-authors shall be the original owners of the copyright and in the absence of agreement, their rights shall be governed by the rules on co-ownership. If, however, a work of joint authorship consists of parts that can be used separately and the author of each part can be identified, the author of each part shall be the original owner of the copyright in the part that he has created;
- 157.3. In the case of work created by an author during and in the course of his employment, the copyright shall belong to:
 - a. The employee, if the creation of the object of copyright is not a part of the employee's regular duties even if the employee uses the time, facilities and materials of the employer.
 - b. The employer, if the work is the result of the performance of the employee's regularly-assigned duties, unless there is an agreement, express or implied, to the contrary.
- 157.4. In the case of a work commissioned by a person other than an employer of the author and who pays for it and the work is made in pursuance of the commission, the person who so commissioned the work shall have ownership of the work, but the copyright thereto shall remain with the creator, unless there is a written stipulation to the contrary;

157.5. In the case of audiovisual work, the copyright shall belong to the producer, the author of the scenario, the composer of the music, the film director, and the author of the work so adapted. However, subject to contrary or other stipulations among the creators, the producer shall exercise the copyright to an extent required for the exhibition of the work in any manner, except for the right to collect performing license fees for the performance of musical compositions, with or without words, which are incorporated into the work; and

157.6. In respect of letters, the copyright shall belong to the writer subject to the provisions of Article 723 of the Civil Code.

SECTION 158. *Anonymous and Pseudonymous Works.* - For purposes of this Act, the publishers shall be deemed to represent the authors of articles and other writings published without the names of the authors or under pseudonyms, unless the contrary appears, or the pseudonyms or adopted name leaves no doubts as to the author's identity, or if the author of the anonymous works discloses the author's identity.

Chapter VII LIMITATIONS ON COPYRIGHT

SECTION 159. *Limitations on Copyright.* -

159.1 Notwithstanding the provisions of Chapter V, the following acts shall not constitute infringement of copyright:

- a. The recitation or performance of a work, once it has been lawfully made accessible to the public, if done privately and free of charge or if made strictly for a charitable or religious institution or society;
- b. The making of quotations from a published work if they are compatible with fair use and only to the extent justified for the purpose, including quotations from newspaper articles and periodicals in the form of press

summaries: *Provided*, That the source and the name of the author, if appearing on the work, are mentioned;

- c. The reproduction or communication to the public by mass media of articles on current political, social, economic, scientific or religious topic, lectures, addresses and other works of the same nature, which are delivered in public if such use is for information purposes and has not been expressly reserved: *Provided*, That the source is clearly indicated;
- d. The reproduction and communication to the public of literary, scientific or artistic works as part of reports of current events by means of photography, cinematography or broadcasting to the extent necessary for the purpose;
- e. The inclusion of a work in a publication, broadcast, or other communication to the public, sound recording or film, if such inclusion is made by way of illustration for teaching purposes and is compatible with fair use: *Provided*, That the source and of the name of the author, if appearing in the work, are mentioned;
- f. The recording made in schools, universities, or educational institutions of a work included in a broadcast for the use of such schools, universities or educational institutions: *Provided*, That such recording must be deleted within a reasonable period after they were first broadcast: *Provided, further*, That such recording may not be made from audiovisual works which are part of the general cinema repertoire of feature films except for brief excerpts of the work;
- g. The making of ephemeral recordings by a broadcasting organization by means of its own facilities and for use in its own broadcast;

- h. The use made of a work by or under the direction or control of the Government or by educational, scientific or professional institutions where such use is in the public interest or public good and is compatible with fair use;
- i. The public performance or the communication to the public of a work, in a place where no admission fee is charged in respect of such public performance or communication, by a club or institution for charitable or educational purpose only, whose aim is not profit making, subject to such other limitations as may be provided in the Regulations;
- j. Public display of the original or a copy of the work not made by means of a film, slide, television image or otherwise on screen or by means of any other device or process: *Provided*, That either the work has been published, or, that the original or the copy displayed has been sold, given away or otherwise transferred to another person by the author or his successor in title;
- k. Any use made of a work for the purpose of any judicial proceedings or for the giving of professional advice by a legal practitioner; and
- l. The reproduction, distribution, and making available to the public or works in an accessible format or copy for of published articles or materials in a specialized format exclusively for the use of the blind, or visuallyimpaired and those unable, through physical disability, to hold or manipulate a book or to focus or move the eyes to the extent that would be normally acceptable for reading. These limitations on copyright cover the changes needed to make the work in accessible format copies for the aforementioned beneficiaries: *Provided*, That such copies and distribution shall be made on a nonprofit basis and shall indicate the copyright owner and the date of the original publication.

159.2. The provisions of this section shall be interpreted in such a way as to allow the work to be used in a manner which does not conflict with the normal exploitation of the work and does not unreasonably prejudice the right holder's legitimate interests.

SECTION 160. *Fair Use of a Copyrighted Work.* –

160.1. The fair use of a copyrighted work for criticism, comment, news reporting, teaching including limited number of copies for classroom use, scholarship, research, and similar purposes is not an infringement of copyright.

Decompilation, which is understood here to be the reproduction of the code and translation of the forms of a computer program to achieve the interoperability of an independently created computer program with other programs, may also constitute fair use under the criteria established by this section, to the extent that such decompilation is done for the purpose of obtaining the information necessary to achieve such interoperability. In determining whether the use made of a work in any particular case is fair use, the factors to be considered shall include:

- a. The purpose and character of the use, including whether such use is of a commercial nature or is for non-profit educational purposes;
- b. The nature of the copyrighted work;
- c. The amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
- d. The effect of the use upon the potential market for or value of the copyrighted work.

160.2. The fact that a work is unpublished shall not by itself bar a finding of fair use if such finding is made upon consideration of all the above factors.

SECTION 161. *Work of Architecture.* - Copyright in a work of architecture shall include the right to control the erection of any building which reproduces the whole or a substantial part of the work either in its original form or in any form recognizably derived from the original; *Provided*, That the copyright in any such work shall not include the right to control the reconstruction or rehabilitation in the same style as the original of a building to which that copyright relates.

SECTION 162. *Published Edition of Work.* - In addition to the right to publish granted by the author, his heirs or assigns, the publisher shall have a copyright consisting merely of the right of reproduction of the typographical arrangement of the published edition of the work.

SECTION 163. *Reproduction of Published Work.* –

163.1. Notwithstanding the provision of Section 156, and subject to the provisions of Subsection 163.2, the private reproduction of a published work in a single copy, where the reproduction is made by a natural person exclusively for research and private study, shall be permitted, without the authorization of the owner of copyright in the work.

163.2. The permission granted under Subsection 163.1 shall not extend to the reproduction of:

- a. A work of architecture in the form of building or other construction;
- b. An entire book, or a substantial part thereof, or of a musical work in graphic form by reprographic means;
- c. A compilation of data and other materials;
- d. A computer program except as provided in Section 165; and
- e. Any work in cases where reproduction would unreasonably conflict with a normal exploitation of the work or would otherwise unreasonably prejudice the legitimate interests of the author.

SECTION 164. *Reprographic Reproduction by Libraries –*

164.1. Notwithstanding the provisions of Subsection 156.1, any library or archive whose activities are not for profit may, without the authorization of the author or copyright owner, make a limited number of copies of the work, as may be necessary for such institutions to fulfill their mandate, by reprographic reproduction:

- a. Where the work by reason of its fragile character or rarity cannot be lent to user in its original form;
- b. Where the works are isolated articles contained in composite works or brief portions of other published works and the reproduction is necessary to supply them; when this is considered expedient, to persons requesting their loan for purposes of research or study instead of lending the volumes or booklets which contain them; and
- c. Where the making of such limited copies is in order to preserve and, if necessary in the event that it is lost, destroyed or rendered unusable, replace a copy, or to replace, in the permanent collection of another similar library or archive, a copy which has been lost, destroyed or rendered unusable and copies are not available with the publisher.

164.2. Notwithstanding the above provisions, it shall not be permissible to produce a volume of a work published in several volumes or to produce missing tomes or pages of magazines or similar works, unless the volume, tome or part is out of stock; *Provided*, That every library which, by law, is entitled to receive copies of a printed work, shall be entitled, when special reasons so require, to reproduce a copy of a published work which is considered necessary for the collection of the library but which is out of stock.

SECTION 165. *Reproduction of Computer Program. –*

165.1. Notwithstanding the provisions of Section 156, the reproduction in one (1) back-up copy or adaptation of a computer program shall be permitted, without the authorization of the author of, or other owner of copyright in, a computer program, by the lawful owner of that computer program: *Provided*, That the copy or adaptation is necessary for:

- a. The use of the computer program in conjunction with a computer for the purpose, and to the extent, for which the computer program has been obtained; and
- b. Archival purposes, and, for the replacement of the lawfully owned copy of the computer program in the event that the lawfully obtained copy of the computer program is lost, destroyed or rendered unusable.

165.2. No copy or adaptation mentioned in this Section shall be used for any purpose other than the ones determined in this Section, and any such copy or adaptation shall be destroyed in the event that continued possession of the copy of the computer program ceases to be lawful.

165.3. This provision shall be without prejudice to the application of Section 160 whenever appropriate.

Chapter VIII RECORDATION AND DEPOSIT

SECTION 166. *Recordation and Deposit with the National Library of the Philippines and the Supreme Court Library. –*

166.1. The recordation and deposit of a work, as provided in this section, are not conditions for copyright protection and are merely for the purpose of completing the records of the National Library of the Philippines (“National Library”) and the Supreme Court Library.

166.2. At any time during the subsistence of the copyright, the owner of the copyright or of any exclusive right in the work may, for the purpose of completing the records of the National Library and the Supreme Court Library, register and deposit with them, two (2) complete copies or reproductions of the work in such form as the Directors of the said libraries may prescribe in accordance with regulations: *Provided*, That only works in the field of law shall be deposited with the Supreme Court Library. Such registration and deposit is not a condition of copyright protection.

166.3. The aforementioned libraries may depute the Office to receive deposits and issue certificates of recordation and deposit in their behalf.

SECTION 167. *Ownership of Deposit and Instruments.* - All copies deposited and instruments in writing filed with the National Library and the Supreme Court Library in accordance with the provisions of this Act shall become the property of the Government.

SECTION 168. *Public Records.* - The section or division of the National Library and the Supreme Court Library charged with receiving copies and instruments deposited and with keeping records required under this Act and everything in it shall be opened to public inspection. The National Library is empowered to issue such safeguards and regulations as may be necessary to implement this Section and other provisions of this Act.

SECTION 169. *National Library Fees.* -The National Library shall have the power to collect, for the discharge of its services under this Act, such fees as may be promulgated by it from time to time in accordance with the applicable laws and regulations.

SECTION 170. *Cancellation of Certificate of Recordation and Deposit –*

170.1. A certificate of recordation and deposit shall be cancelled by the government agency that issued the same by virtue of final order or decision of the Director of Legal Affairs, Director of Copyright, or Director General of the Office, or of the appropriate court, pursuant to which a new certificate may be issued.

170.2. Upon submission of any instrument or deed transferring, assigning, or conveying the copyright ownership, the existing certificate shall be cancelled and a new one issued.

Chapter IX ^[L]_[SEP] MORAL RIGHTS

SECTION 171. *Scope of Moral Rights.* - The author of a work shall, independently of the economic rights in Section 158 or the grant of an assignment or license with respect to such right, have the following rights:

171.1. *Right of Attribution.* - To require that the authorship of the works be attributed to him or her, in particular, the right that his or her name, as far as practicable, be indicated in a prominent way on the copies, and in connection with the public use of his work;

171.2. *Right of Alteration.* - To make any alterations of his or her work prior to, or to withhold it from publication;

171.3. *Right of Objection to Modification.* To object to any distortion, mutilation or other modification of, or other derogatory action in relation to, his or her work which would be prejudicial to his or her honor or reputation; and

171.4. *Right against False Attribution.* - To restrain the use of his or her name with respect to any work not of his or her own creation or in a distorted version of his or her work.

SECTION 172. *Waiver of Moral Rights.* -An author may waive his or her rights mentioned in Section 171 by a written instrument, but no such waiver shall be valid where its effects is to permit another:

172.1. To use the name of the author, or the title of his work, or otherwise to make use of his or her reputation with respect to any version or adaptation of his or her work which, because of alterations therein, would substantially tend to injure the literary or artistic reputation of said author; or

172.2. To use the name of the author with respect to a work he or she did not create.

SECTION 173. *Non-transferability of Moral Rights.* – Moral rights enumerated under this Chapter shall not be assignable or subject to license.

SECTION 174. *Breach of Contract.* –An author cannot be compelled to perform his or her contract to create a work or for the publication of his work already in existence. However, he may be held liable for damages for breach of such contract.

SECTION 175. *Contribution to Collective Work.* - When an author contributes to a collective work, his right to have his contribution attributed to him is deemed waived unless he expressly reserves it.

SECTION 176. *Editing, Arranging and Adaptation of Work.* - In the absence of a contrary stipulation at the time an author licenses or permits another to use his or her work, the necessary editing, arranging or adaptation of such work, for publication, broadcast, use in a motion picture, dramatization, or mechanical or electrical reproduction in accordance with the reasonable and customary standards or requirements of the medium in which the work is to be used, shall not be deemed to contravene the author's rights secured by this chapter. Nor shall complete destruction of a work unconditionally transferred by the author be deemed to violate such rights.

SECTION 177. *Term of Moral Rights.* - The rights of an author under this Chapter shall be coterminous with the economic rights. Failure to attribute at anytime beyond any period provided herein shall not exempt the person from being charged with unethical behavior and violations under other applicable laws. In cases of posthumous enforcement, the rights shall devolve in accordance with the rules of succession. However, in the default of the heirs, such rights shall be with the Director of the National Library.

SECTION 178. *Enforcement Remedies.* -

178.1. *Who may enforce.* -

- a. During his or her lifetime, only the author may seek enforcement of his or her moral rights. (n)
- b. In respect of the enforcement of moral rights after the author's death and during the subsistence of the same, the person or persons to be charged with the posthumous enforcement of these rights shall be named in a written instrument which shall be filed with the National Library.

For purposes of this section, "person" shall mean any individual, partnership, corporation, association, or collective management organization. The Director of the National Library may prescribe reasonable fees to be charged for his or her services in the application of the provisions of this section.

- c. In default of such person or persons, such enforcement shall devolve upon either the author's heirs, and in default of the heirs, the Director of the National Library.

178.2. *Remedies available.* - Violation of any of the rights conferred by this Chapter shall entitle those charged with their enforcement to the same rights and remedies available to a copyright owner, except infringement. In addition, damages which may be availed of under the Civil Code may also be recovered. Any damage recovered after the creator's death shall be held in trust for and remitted to his heirs, and in default of the heirs, shall belong to the government.

Chapter X RIGHTS TO PROCEEDS IN SUBSEQUENT TRANSFERS

SECTION 179. *Sale or Lease of Work.* - In every sale or lease of an original work of painting or sculpture or of the original manuscript of a writer or composer, subsequent to the first disposition thereof by the author, the author or his heirs shall have an inalienable right to participate in the gross proceeds of the sale or lease to the extent of five percent (5%). This right shall exist during the lifetime of the author and for fifty (50) years after his death.

SECTION 180. *Works Not Covered.* - The provisions of this Chapter shall not apply to prints, etchings, engravings, works of applied art, or works of similar kind wherein the author primarily derives gain from the proceeds of reproductions.

Chapter XI

[L SEP] RIGHTS OF PERFORMERS, PRODUCERS OF SOUND RECORDINGS AND BROADCASTING ORGANIZATIONS

DEFINITIONS

SECTION 181. *Definitions.* - For the purpose of this Act, the following terms shall have the following meanings:

- 181.1. "Audiovisual work or fixation" is a work that consists of a series of related images which impart the impression of motion, with or without accompanying sounds, susceptible of being made visible and, where accompanied by sounds, susceptible of being made audible;
- 181.2. "Broadcasting" means the transmission by wireless means for the public reception of sounds or of images, or images and sounds or of the representations thereof; such transmission by satellite is also "broadcasting;" transmission of encrypted signals is "broadcasting" where the means for decrypting are provided to the public by the broadcasting organization or with its consent;
- 181.3. "Broadcasting organization" shall include a natural person or a juridical entity duly authorized to engage in broadcasting;
- 181.4. "Communication to the public of a performance or a sound recording" means the transmission to the public, by any medium, otherwise than by broadcasting, of an unfixed performance, or sounds of a performance or the representation of sounds fixed in a sound recording or audiovisual work, or a performance fixed in a sound recording or an audiovisual work but excludes the act making available to the public of a performance under Section 181.5 or of Section 186.4.
- 181.5. "Fixation" means the embodiment of sounds, or of the representations thereof, from which they can be perceived, reproduced or communicated through a device;
- 181.6. "Performers" are actors, singers, musicians, dancers, and other persons who act, sing, declaim, play in, interpret, or otherwise perform literary and artistic work, or expressions of folklore;

181.7. "Producer of a sound recording" means the person, or the legal entity, who or which takes the initiative and has the responsibility for the first fixation of the sounds of a performance or other sounds, or the representation of sounds;

181.8. "Publication of a fixed performance or a sound recording" means the offering of copies of the fixed performance or the sound recording to the public, with the consent of the right holder: *Provided*, That copies are offered to the public in reasonable quantity. For purposes of this Section, sound recordings made available to the public under Section 187.4 shall be considered as if they had been published;

181.9. "Rebroadcasting" means the simultaneous broadcasting by one broadcasting organization of the broadcast of another broadcasting organization; and

181.10. "Sound recording" means the fixation of the sounds of a performance or of other sounds, or representation of sound, other than in the form of a fixation incorporated in a cinematographic or other audiovisual work.

PERFORMERS

SECTION 182. *Scope of Performers' Rights.* - Subject to the provisions of Section 192, performers shall enjoy the following exclusive rights:

182.1. As regards their performances, the right of authorizing:

- a. The broadcasting and other communication to the public of their performance; and
- b. The fixation of their unfixed performance;

182.2. The right of authorizing the direct or indirect reproduction of their performances fixed in sound recordings or audiovisual works or fixations in any manner or form;

- 182.3. Subject to the provisions of Section 185, the right of authorizing the first public distribution of the original and copies of their performance fixed in the sound recordings or audiovisual works or fixations through sale or rental of other forms of transfer of ownership;
- 182.4. The right of authorizing the commercial rental to the public of the original and copies of their performances fixed in sound recordings or audiovisual works or fixations, even after distribution of them by, or pursuant to the authorization by the performer; and
- 182.5. The right of authorizing the making available to the public of their performances fixed in sound recordings or audiovisual works or fixations, by wire or wireless means, in such a way that members of the public may access them from a place and time individually chosen by them.

SECTION 183. *Moral Rights of Performers.* –

- 183.1. *Rights Granted.* - Independently of a performer's economic rights, the performer, shall, as regards live aural performances or performances fixed in sound recordings or in audiovisual works or fixations, have the right to claim to be identified as the performer of the performances, except where the omission is dictated by the manner of the use of the performance, and to object to any distortion, mutilation or other modification of the performances that would be prejudicial to the person's reputation.
- 183.2. *Term of Protection.* - The rights granted to a performer in accordance with Subsection 182.1 shall be maintained and exercised fifty (50) years after the performer's death, by the performer's heirs, and in default of heirs, the government, where protection is claimed.
- 183.3. *Enforcement Remedies.* – In the enforcement of these rights, Section 223 applies *mutatis mutandis*.

SECTION 184. *Limitation on Right. –*

184.1. Subject to the provisions of Section 185, once the performer has authorized the broadcasting or fixation of his performance, the exclusive rights under Subsections 181.2 to 181.5 shall be owned or exercised by or transferred to the producer of the sound recording, or of the audiovisual work or fixation, subject to any written contract to the contrary between the performer and the producer.

184.2. The provisions of Sections 159 and 160 apply *mutatis mutandis* to performers.

SECTION 185. *Additional Remuneration for Subsequent Communications or Broadcasts.* - Unless otherwise provided in the contract, in every communication to the public or broadcast of a performance subsequent to the first communication or broadcast thereof by the broadcasting organization, the performer shall be entitled to an additional remuneration equivalent to at least five percent (5%) of the original compensation he or she received for the first communication or broadcast.

SECTION 186. *Contract Terms.* - Nothing in this Chapter shall be construed to deprive performers of the right to agree by contracts on terms and conditions more favorable for them in respect of any use of their performance.

PRODUCERS OF SOUND RECORDINGS

SECTION 187. *Scope of Right.* - Subject to the provisions of Section 192, producers of sound recordings shall enjoy the following exclusive rights:

187.1. The right to authorize the direct or indirect reproduction of their sound recordings, in any manner or form; the placing of these reproductions in the market and the right of rental or lending;

187.2. The right to authorize the first public distribution of the original and copies of their sound recordings through sale or rental or other forms of transferring ownership;

187.3. The right to authorize the commercial rental to the public of the original and copies of their sound recordings, even after distribution by them by or pursuant to authorization by the producer; and

187.4. The right to authorize the making available to the public of their sound recordings in such a way that members of the public may access the sound recording from a place and at a time individually chosen or selected by them, as well as other transmissions of a sound recording with like effect.

SECTION 188. *Limitation of Right.* -Sections 159 and 160 shall apply *mutatis mutandis* to the producer of sound recordings.

SINGLE EQUITABLE REMUNERATION

SECTION 189. *Single Equitable Remuneration.* - Performers and producers of sound recordings shall enjoy the right to a single equitable remuneration for the direct or indirect use of sound recordings published for commercial purposes, for broadcasting or for any communication to the public.

For purposes of this Section, "communication to the public" includes making the sounds or representations of sounds fixed in a sound recording audible to the public or the images and/or sounds in a performance fixed in an audiovisual work or fixation visible and/or audible to the public.

BROADCASTING ORGANIZATIONS

SECTION 190. *Scope of Right.* - Subject to the provisions of Section 192, broadcasting organizations shall enjoy the exclusive right to carry out, authorize or prevent any of the following acts:

190.1. The rebroadcasting of their broadcasts;

190.2. The fixation of the broadcast for the purpose of communication to the public;
and

190.3. The use for fresh transmissions of the fixated broadcast or the reproduction of the fixated broadcast.

Chapter X COLLECTIVE MANAGEMENT ORGANIZATIONS OR SOCIETIES

SECTION 191. *Collective Management Organizations (CMO) or Societies.* -

191.1. *Designation of CMO or Societies.* - The owners of copyright and related rights or their heirs may designate a society of artists, writers, composers and other right-holders to collectively manage their economic or moral rights on their behalf.

191.2. *Mandatory Accreditation with the Office.* - For the said CMO or societies to enforce the rights of their members, they shall first secure the necessary accreditation from the Office. Both local and foreign CMOs and individuals or entities engaging in any of the activities in Section 191.3 in behalf of more than one right holder are required to apply for accreditation if the actual exercise of economic rights took place in the Philippines.

Any person may refuse the payment or remittance of royalties to a CMO which is not accredited. Any person may also refuse payment or remittance of royalties to a CMO for a rights holder if the latter is not a registered member

of the CMO. In addition, any such organization found functioning as a CMO without said accreditation after due notice and hearing shall be liable for an administrative fine which shall in no case be less than fifty thousand pesos (P50,000.00).

191.3. *Effect of Accreditation.* - Accreditation shall authorize a CMO to negotiate, grant licenses, collect and distribute royalties, and other remuneration of its members.

191.4. *Posthumous Enforcement of Moral Rights.* - A duly accredited CMO may enforce the moral rights of its deceased members, when named in a written instrument which shall be filed with the National Library, as provided in Sections 221 and 223.

191.5. The accredited CMOs representing performers and sound recording producers respectively shall be required to enter into an agreement on who shall collect the single equitable remuneration as provided in Section 189, including the rate of sharing and the obligation to remit the same within a reasonable period. Absent any agreement as to the rate of sharing, the two parties shall share equally the amount collected. The payment of the single equitable remuneration shall be made only through the CMO identified in the said agreement.

CHAPTER XI LIMITATIONS ON PROTECTION OF RELATED RIGHTS

SECTION 192. *Limitations on the Rights of Performers, Producers of Sound Recordings, and Broadcasting Organizations.* –

192.1. Sections 182, 187, 189, and 190 shall not apply where the acts referred to in those sections are related to:

- a. the use by a natural person exclusively for his own personal purposes;

- b. using short excerpts for reporting current events;
- c. use solely for the purpose of teaching or for scientific research; and
- d. fair use of the broadcast subject to the conditions under Section 160.

192.2. In addition to those in the preceding subsection, the limitations provided in the provisions of Chapter VII apply *mutatis mutandis* to the rights of performers, producers of sound recordings and broadcasting organizations.

Chapter XII TERM OF PROTECTION

SECTION 193. *Term of Protection.* –

193.1. Subject to the provisions of Subsections 193.2 to 193.5, the copyright in works under Sections 152 and 153 shall be protected during the life of the author and for fifty (50) years after his death. This rule also applies to posthumous works.

193.2. In case of works of joint authorship, the economic rights shall be protected during the life of the last surviving author and for fifty (50) years after his death.

193.3. In case of anonymous or pseudonymous works, the copyright shall be protected for fifty (50) years from the date on which the work was first lawfully published: *Provided*, That where, before the expiration of the said period, the author's identity is revealed or is no longer in doubt, the provisions of Subsections 193.1 and 193.2 shall apply, as the case may be: *Provided, further*, That such works if not published before shall be protected for fifty (50) years counted from the making of the work.

193.4. In case of works of applied art the protection shall be for a period of twentyfive (25) years from the date of making.

193.5. In case of photographic works, the protection shall be for fifty (50) years from publication of the work and, if unpublished, fifty (50) years from the making.

193.6. In case of audio-visual works including those produced by process analogous to photography or any process for making audio-visual recordings, the term shall be fifty (50) years from date of publication and, if unpublished, from the date of making.

SECTION 194. *Calculation of Term.* - The term of protection subsequent to the death of the author provided in the preceding Section shall run from the date of his death or of publication, but such terms shall always be deemed to begin on the first day of January of the year following the event which gave rise to them.

SECTION 195. *Term of Protection for Performers, Producers and Broadcasting Organizations.* -

195.1. The rights granted to performers and producers of sound recordings under this law shall expire:

- a. For performances not incorporated in recordings, fifty (50) years from the end of the year in which the performance took place; and
- b. For sound or image and sound recordings and for performances incorporated therein, fifty (50) years from the end of the year in which the recording took place.

195.2. In case of broadcasts, the term shall be twenty (20) years from the date the broadcast took place. The extended term shall be applied only to old works with subsisting protection under the prior law.

SECTION 196. *Presumption of Authorship.* -

- 196.1. The natural person whose name is indicated on a work in the usual manner as the author shall, in the absence of proof to the contrary, be presumed to be the author of the work. This provision shall be applicable even if the name is a pseudonym, where the pseudonym leaves no doubt as to the identity of the author.
- 196.2. The person or body corporate whose name appears on an audiovisual work or on sound recording in the usual manner shall, in the absence of proof to the contrary, be presumed to be the maker of said work or the producer of said sound recording.

Chapter XII SCOPE OF APPLICATION

SECTION 197. *Points of Attachment for Works under Sections 152 and 153. –*

- 197.1. The protection afforded by this Act to copyrightable works under Sections 152 and 153 shall apply to:
- a. Works of authors who are nationals of, or have their habitual residence in, the Philippines;
 - b. Audio-visual works the producer of which has his headquarters or habitual residence in the Philippines;
 - c. Works of architecture erected in the Philippines or other artistic works incorporated in a building or other structure located in the Philippines;
 - d. Works first published in the Philippines; and
 - e. Works first published in another country but also published in the Philippines within thirty days, irrespective of the nationality or residence of the authors.
- 197.2. The provisions of this Act shall also apply to works that are to be protected by virtue of and in accordance with any international convention or other international agreement to which the Philippines is a party.

SECTION 198. *Points of Attachment for Performers.* -The provisions of this Act shall be extended to:

198.1. Performers who are nationals of the Philippines;

198.2. Performers who are not nationals of the Philippines subject to any of the following conditions:

- a. Performance takes place in the Philippines; or
- b. Performance is incorporated in sound recordings or in audiovisual fixations that are protected under this Act; or
- c. Performance which has not been fixed in sound recording or in audiovisual fixations but is carried by broadcast qualifying for protection under this Act.

SECTION 199. *Points of Attachment for Sound Recordings.* -The provisions of this Act on the protection of sound recordings shall apply to:

199.1. sound recordings the producers of which are nationals of the Philippines; and

199.2. sound recordings that were first published in the Philippines.

SECTION 200. *Points of Attachment for Broadcasts.* - The provisions of this Act on the protection of broadcasts shall apply to:

200.1. Broadcasts of broadcasting organizations the headquarters of which are situated in the Philippines; and

200.2. Broadcasts transmitted from transmitters situated in the Philippines.

SECTION 201. *Applicability of Protection under International Conventions.* - The provisions of this Act shall also apply to performers who, and to producers of sound recordings and broadcasting organizations which, are to be protected by virtue of and in accordance with any international convention or other international agreement to which the Philippines is a party.

PART VII COMMON PROVISIONS

Chapter I GENERAL PROVISIONS

SECTION 202. *Ownership of Intellectual Property.* – Ownership of the intellectual property is acquired by intellectual creation.

SECTION 203. *Rights of Joint Owners.* - If two (2) or more persons jointly own an intellectual property, neither of the joint owners shall be entitled to grant licenses or to assign his right, title or interest or part thereof without the consent of the other owner or owners, or without proportionally dividing the proceeds with such other owner or owners.

SECTION 204. *Certificates.* –

204.1. *Letters Patent and Certificate of Registration of Utility Models, Industrial Design, and Layout-Designs of Integrated Circuits.* - These are evidence of the correctness and validity of the registration, the ownership of the patent, utility model, or industrial design and layout designs of integrated circuits, and of the owner's exclusive rights thereto.

204.2. *Certificates of Registration of a Mark.* - A certificate of registration of a mark shall be *prima facie* evidence of the validity of the registration, the registrant's ownership of the mark, and of the registrant's exclusive right to use the same in connection with the goods or services specified in the certificate and those that are related thereto.

204.3. *Certificate of Recordation and Deposit of Copyrighted Works.* –A Certificate of Recordation and Deposit shall constitute *prima facie* evidence of the creation of the work, validity of recordation of the copyright, and the submission of the attached affidavit evidence. Registration and deposit of a work with the

National Library, the Supreme Court Library, or the Office shall not carry with it the presumption of ownership of the copyright by the registrant or depositor, nor shall it be considered a condition for a claim of copyright infringement.

SECTION 205. *Representation; Address for Service.* -If the applicant is not domiciled or has no real and effective commercial establishment in the Philippines, he shall designate by a written document filed in the office, the name and address of a Philippine resident who may be served notices or process in proceedings affecting the mark. Such notices or services may be served upon the person so designated by leaving a copy thereof at the address specified in the last designation filed. If the person so designated cannot be found at the address given in the last designation, such notice or process may be served upon the Director.

SECTION 206. *Publication of Registered or Granted Intellectual Property; Inspection of Register.* - The Office shall publish the intellectual property registered, in the order of their registration or grant, reproducing all the particulars referred therein.

Intellectual property that is registered at the Office may be inspected, upon payment of applicable charges and any person may obtain copies thereof at his own expense and with the approval of the Office. This provision shall also be applicable to transactions recorded in respect of intellectual property.

SECTION 207. *Correction of Mistakes Made by the Office.* - Letters Patent, Certificate of registration of utility models, industrial design, and layout-designs of integrated circuit or Certificate of trademark registration may be cancelled or corrected in accordance with the Regulations. All certificates of correction heretofore issued in accordance with the Regulations and the registration to which they are attached shall have the same force and effect as if such certificates and their issuance had been authorized by this Act.

SECTION 208. *Correction of Mistake in the Letters Patent, Utility Model, Industrial Design, Layout-Design, Trademark Registrations and Copyright Recordation.* -On request of any interested person and payment of the prescribed fee, the Office is authorized to correct any formal or clerical mistake in a patent, *utility model, industrial design, layout-design, trademark registrations* and copyright recordation, not incurred through the fault of the Office.

SECTION 209. *Certified Copies as Evidence.* - Copies of any records, books, papers, or drawings belonging to the Office relating to marks, invention patents, utility models, industrial designs and layout of integrated circuits, copyrighted works, and copies of registration, letters patent and certificate of registration of utility models, industrial design, layout-designs of integrated circuit and certificate of recordation and deposit of copyrighted works or, when certified by a duly authorized official of the Office, shall be evidence in all cases wherein the originals would be evidence; and any person who applies and pays the prescribed fee shall secure such copies.

SECTION 210. *Confidential Information* - Confidential information as determined by the Office, or those covered by the constitution, existing laws, or jurisprudence, or other issuances shall be safeguarded by the Office.

SECTION 211. *Public Domain.* – Copyright, utility models, industrial designs, layout designs and patents shall belong to the public domain under any of the following instances:

- a. Expiration of the corresponding term of protection;
- b. Non-compliance with protection and maintenance requirements;
- c. Surrender of rights provided for in this act;
- d. Final judgment of the court or the Office; or
- e. Other circumstances analogous to any of the above.

Chapter II TRANSMISSION OF INTELLECTUAL PROPERTY RIGHTS

SECTION 212. *Transmission of Rights.* – Intellectual property rights and the objects to which these relate shall be protected in the same way as under the New Civil Code in so far as it is not inconsistent with this Act.

SECTION 213. *Contracts and Transmission of Rights.*– Contracts and transmission of rights relating to intellectual property shall be governed by the relevant provisions of the New Civil Code.

SECTION 214. *Form of Assignment and Other Forms of Transmission of Rights.* – The assignment or transmission of rights must be in writing, acknowledged before a notary public or other officer authorized to administer oath or perform notarial acts, and certified under the hand and official seal of the notary or such other officer. An assignment or a transmission of rights may be limited to a specified territory.

SECTION 215. *Recordation of Rights.* –

215.1. The Office shall record security agreements, assignments, licenses and other instruments relating to the transmission of any right, title or interest in and to intellectual property rights or applications to which they relate, which are presented in due form to the Office for registration, in books and records kept for the purpose. The certified true copy of the documents or its authenticated digital copy shall be filed, and the contents thereof shall be kept confidential. The Office may require that the original document be presented for verification. Upon recording, the notice of the recordation shall be published in the IPOPHL Gazette.

215.2. Such instruments shall not bind third persons unless it is so recorded in the Office.

SECTION 216. *Intellectual Property and Material Object.* -Intellectual property is distinct from the material object subject to it. Consequently, the transfer, assignment or licensing of the intellectual property right shall not itself constitute a transfer of the material object. Nor shall a transfer or assignment of the material object imply transfer, assignment or licensing of the intellectual property right.

Chapter III INFRINGEMENT; CAUSES OF ACTION

SECTION 217. *Patent, Utility Model, Industrial Design and Layout-Design Infringement.*- The making, using, offering for sale, selling, or importing a patented or registered product or a product obtained directly or indirectly from a patented or registered process, or the use of a patented or registered process without the authorization of the patentee or registrant constitutes infringement: *Provided*, That, this shall not apply to instances covered by Sections 73.1 and 73.4; Section 75; Section 107.6; and Section 117 of this Code.

SECTION 218. *Trademark Infringement*

218.1. *Infringing Acts.* – The following acts committed without the consent of the owner, shall constitute infringement:

- a. The use in commerce of any reproduction, counterfeit, copy, or colorable imitation of a registered mark or container or a dominant feature thereof in connection with the sale, offering for sale, distribution, advertising of any goods or services including other preparatory steps necessary to carry out the sale of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive;
- b. The reproduction, counterfeiting, copying or colorably imitation of a registered mark or a dominant feature thereof and applying such reproduction, counterfeit, copy or colorable imitation to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used in

commerce upon or in connection with the sale, offering for sale, distribution, or advertising of goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive, shall be liable in a civil action for infringement by the registrant for the remedies hereinafter set forth; or

- c. The possession of a counterfeit good or goods which he knows, or ought to know, to be a counterfeit for purposes of selling, offering for sale, distribution, or advertising of goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive.

218.2. There shall be no infringement of trademarks or trade names of imported or sold patented drugs and medicines allowed under Section 73.1 of this Act, as well as imported or sold off-patent drugs and medicines; *Provided*, That said drugs and medicines bear the registered marks that have not been tampered, unlawfully modified, or infringed upon, under Section 218.1 of this Code.

SECTION 219. *Unfair Competition.* The acts described in Sections 148.2 to 148.3 constitute unfair competition.

SECTION 220. *False Designations of Origin; False Description or Representation.* The acts described in Section 149 constitute false designations of origin; or false description or representations.

SECTION 221. *Copyright and Related Rights Infringement.* – Copyright or related right infringement is the act of violating any of the exclusive economic rights of the authors, performer's, producers of sound recordings, broadcasting organizations or their assignees or successors-in-interest. Infringement is also committed when any person who at the time when copyright or a related right subsists in a work has

possession of an article which he knows, or ought to know, to be an infringing copy of the work for the purpose of:

- a. Selling, letting for hire, or by way of trade offering or exposing for sale, or hire, the article;
- b. Distributing the article for purpose of trade, or for any other purpose to an extent that will prejudice the rights of the copyright owner in the work; or
- c. Trade exhibit of the article in public, shall be guilty of an offense and shall be liable on conviction to imprisonment and fine as above mentioned.

SECTION 222. *Persons Liable for Infringement.* – Any person who:

222.1.

- a. Directly commits an infringing act as defined in Sections 217, 218.1, 219, 220, and 221;
- b. With knowledge of infringing activity, induces, causes or materially contributes to the infringing conduct of another;
- c. Aids, abets or directly or indirectly benefits from the infringing activity of another person if the person benefiting has been given notice of the infringing activity of another and has the right and ability to control the activities of the other person;
- d. In case of patent infringement, provides the infringer with a component of a patented product or of a product produced from a patented process or knowing it to be especially adopted for infringing the patented invention and not falling under the exceptions and limitations under this Act.

222.2. Notwithstanding 222.1 (c), internet service providers, domain name registries and registrars, website owners, online intermediaries which merely provides technical, automatic and passive data transmission, access or storage services or such other similar online enablers shall not be liable for infringement or

damages if upon obtaining knowledge or awareness of the infringing activity, it will take down or block access to the infringing material or website within a reasonable time.

Chapter IV CIVIL AND ADMINISTRATIVE REMEDIES

SECTION 223. Remedies. – The following remedies shall be available in civil and/or administrative actions for infringement or violation of intellectual property rights under this Act:

223.1. Provisional Remedies. –

- a. Preliminary injunction including temporary restraining order;
- b. Preliminary attachment; and
- c. Seizure and impoundment during the pendency of the action upon such terms and conditions as the court may prescribe, sales invoices and other documents evidencing sales, all articles and their packaging alleged to infringe an intellectual property right and implements as well as all plates, molds, or other means for making such infringing goods as the court or the office may order. In appropriate cases, the court may order the destruction of any or all of the seized or impounded articles and their packaging, and implements as well as all plates, molds, or other means for making such infringing goods.

223.2. Other Remedies.

- a. Permanent injunction;
- b. Delivery and Disposal. - The infringing person shall deliver for destruction or disposal without any compensation outside the channels of commerce all infringing goods, devices, implements as well as all plates, molds, or other means for making such infringing goods as the court or the Office may order.

In lieu of destruction, the court or the Office may, if warranted such as in the nature of relief for victims of calamities and natural disasters and/or humanitarian purposes, and upon consent of the right holder, order the donation to distressed communities through the local government units, or to charitable or disaster relief public and private institutions. In the exercise of this power, the court or office shall ensure that the infringing goods are disposed of outside the channels of commerce in such a manner as to avoid any harm caused to the right holder, and to minimize the risks of further infringement. In regard to counterfeit goods, the simple removal of the trademark affixed shall not be sufficient other than in exceptional cases which shall be determined by the Regulations, to permit the release of the goods into the channels of commerce: *Provided further*, That counterfeit or infringing goods that pose a threat, or are harmful, to health, safety, and security shall not be donated.

- c. Actual damages, including legal costs and other expenses, as may be incurred due to the infringement as well as the profits the infringer may have made due to such infringement, including advertising revenues and in proving profits the plaintiff shall be required to prove sales only and the defendant shall be required to prove every element of cost claimed, or, in lieu of actual damages and profits, such damages which to the court or Office shall appear to be just and adequate, as well as moral and exemplary damages, attorney's fees, which the court or the Office may deem proper and equitable; and the destruction of infringing goods, articles and implements even in the event of acquittal in a criminal case; or

In lieu of the above damages, statutory damages for all infringements involved in the action at the election of the intellectual property right owner at any time before final judgment is rendered a sum equivalent

to the filing fee of the infringement action or one hundred thousand pesos (PHP100,000.00) for copyright and three hundred thousand pesos (PHP300,000.00) for trademark, patents, utility models, industrial design and lay-out of integrated circuits.

However, in case the copyright infringer was not aware and had no reason to believe that such acts constitute an infringement of copyright, the court or office in its discretion may reduce the award of statutory damages to a sum of not more than ten thousand pesos (PHP10,000.00), subject to Subsection 224.3 below.

The amount of actual or statutory damages to be awarded for copyright infringement shall be doubled against any person who:

- i. Circumvents effective technological measures; or
 - ii. Having reasonable grounds to know that it will induce, enable, facilitate or conceal the infringement, remove or alter any electronic rights management information from a copy of a work, sound recording, or fixation of a performance, or distribute, import for distribution, broadcast, or communicate to the public works or copies of works without authority, knowing that electronic rights management information has been removed or altered without authority.
- d. Indirect contempt as provided for in Section 232.

223.3. Such other applicable remedies as may be provided under this Act, existing laws or the Rules of Court.

SECTION 224. *Notice Requirement for Claim of Damages. –*

224.1. Damages cannot be recovered for acts of patent infringement committed before the infringer had known, or had reasonable grounds to know of the patent. It is presumed that the infringer had known of the patent if on the patented

product, or on the container or package in which the article is supplied to the public, or on the advertising material relating to the patented product or process, are placed the words "Philippine Patent" with the number of the patent.

This provision shall apply mutatis mutandis to utility model, industrial design and layout-designs (topographies) of integrated circuits.

224.2. Likewise, in any suit for infringement, the owner of the registered mark shall not be entitled to recover profits or damages unless the acts have been committed with knowledge that such imitation is likely to cause confusion, or to cause mistake, or to deceive. Such knowledge is presumed if the registrant gives notice that his mark is registered by displaying with the mark the words "Registered Mark" or the letter R within a circle or if the defendant had otherwise actual notice of the registration.

224.3. Misrepresentation or false representation of such notice shall be punishable under applicable laws.

Chapter V JURISDICTION

SECTION 225. *Jurisdiction.* –

225.1 Civil or administrative actions under Part VII of this Act shall be cognizable by the courts or by the Office and other administrative agencies with appropriate jurisdiction under existing laws.

225.2. In any action involving intellectual property, the court or the Office may determine the right to registration or ownership, and if applicable, order the cancellation of a registration, in whole or in part, and otherwise rectify the register by the substitution by the rightful owner as the registrant with respect to the registration of any party to the action in the exercise of this. Where the determination was made by the court, the judgment and orders shall be certified by the court to the Director General, who shall cause the

entry of the appropriate annotation upon the records of the respective Bureau, and shall be controlled thereby.

225.3. The filing of a suit for infringement of intellectual property rights with the proper court or the Office or other administrative agency shall exclude any other court, the Office or other administrative agency from assuming jurisdiction over a subsequently filed suit for infringement to enforce the same. On the other hand, the earlier filing of petition for cancellation with the Bureau of Legal Affairs shall not constitute a prejudicial question that must be resolved before the court or other administrative agency decides the infringement suit.

SECTION 226. *Defenses in Action for Infringement.* – In an action for infringement, the defendant, in addition to other defenses available to him, may show the invalidity of the patent, utility model, design or layout-design (topography) of integrated circuits or any claim thereof, of the mark of ownership, or of the copyright, based on any of the grounds on which a petition for cancellation can be brought under this Act including Section 6 of R.A. No. 623, as amended by R.A. No. 5700.

SECTION 227. *Notice of Filing Suit Given to the Director General.* - It shall be the duty of the clerks of such courts within one (1) month after the filing of any action, suit, or proceeding involving any intellectual property granted protection by a mark registered under the provisions of this act, to notify the director general in writing setting forth: the names and addresses of the litigants and designating the number of the registration or registrations and within one (1) month after the judgment is entered or an appeal is taken, the clerk of court shall give notice thereof to the Office, and the latter shall endorse the same upon the filewrapper of the said registration or registrations, if applicable, and incorporate the same as a part of the contents of said filewrapper.

SECTION 228. *Appeals* – Appeals from decisions of courts shall be governed by the Rules of Court.

Appeals from decisions of the Office shall be governed by Section 7.2(b) of this Act; while those of other administrative agencies, as may be provided under the applicable laws.

Chapter VI INSTITUTION OF ACTIONS

SECTION 229. *Period to File Actions.* – Actions may be filed for causes of action that accrues during the term of protection of the intellectual property rights. Except as otherwise provided in this Act, the period to file actions for infringement, unfair competition and false designations of origin or false description of representation under this Act may be filed within four (4) years from the time the cause of action accrues or was discovered. Such right to institute actions is subject to estoppel, laches, and acquiescence, where applicable.

Chapter VII CRIMINAL ACTIONS AND PENALTIES

SECTION 230. *Criminal Action and Penalties.* –

230.1 Independent of the civil and administrative remedies, persons liable for infringement shall, upon conviction, shall be punished, by imprisonment and/or fine, or both, at the discretion of the court, as follows:

- a. *Patent Infringement.* – In infringement of industrial design, the offender shall suffer imprisonment for a period of not less than three (3) years but not more than five (5) years and/or a fine of not less than One hundred thousand pesos (PHP 100,000.00) but not more than Three hundred thousand pesos (PHP 300,000.00).

- b. *Repetition of Patent Infringement.* - If infringement of invention patents, utility models, layout of integrated circuits is repeated by the infringer or by anyone in connivance with him after finality of the judgment of the court against the infringer, the offender shall suffer imprisonment for a period of not less than three (3) years but not more than five (5) years and/or a fine of not less than One hundred thousand pesos (PHP 100,000.00) but not more than Three hundred thousand pesos (PHP 300,000.00).
- c. *Trademark Infringement and Unfair Competition.* – In trademark infringement, the infringer shall suffer :
1. Imprisonment from three (3) years to five (5) years, or a fine ranging from One hundred thousand pesos (PHP 100,000.00) to Four hundred thousand pesos (PHP 400,000.00), or both for the first offense;
 2. Imprisonment from five (5) years and one (1) day to seven (7) years, or a fine ranging from over Four hundred thousand pesos (PHP 400,000.00) to Two million pesos (PHP 2,000,000.00), or both for the second offense;
 3. Imprisonment from seven (7) years and one (1) day to ten (10) years, or a fine ranging from over Two million pesos (PHP 2,000,000.00) to Four million pesos (PHP 4,000,000.00), or both for the third or oftener offense;
 4. In case of counterfeit goods that threaten life and public health and safety, the court shall impose the maximum penalty of ten (10) years of imprisonment or a fine of Four million pesos (PHP 4,000,000), or both.
- d. *False Designations of Origin; False Description or Representation.* – Any person committing the acts under Sec. 149 shall be punished by imprisonment of two (2) years to five (5) years and a fine ranging from

Fifty thousand pesos (PHP 50,000.00) to Two hundred thousand pesos (PHP 200,000.00).

e. *Copyright and Related Rights Infringement.* – In copyright and related rights infringement, the infringer shall suffer:

1. Imprisonment from three (3) years to five (5) years, or a fine ranging from one hundred thousand pesos (P100,000) to three hundred thousand pesos (P300,000), or both for the first offense;
2. Imprisonment from five (5) years and one (1) day to seven (7) years, or a fine ranging from over three hundred thousand pesos (P300,000) to one million pesos (P1,000,000), or both for the second offense;
3. Imprisonment from seven (7) years and one (1) day to ten (10) years, or a fine ranging from over one million pesos (P1,000,000) to three million pesos (P3,000,000), or both for the third or oftener offense;

Provided, that the respective maximum penalty stated above for the first, second, third and subsequent offenses, shall be imposed when the infringement is committed through the circumvention of effective technological measures; or the removal or alteration of any electronic rights management information from a copy of a work, sound recording, or fixation of a performance, by a person, knowingly and without authority; or the distribution, importation for distribution, broadcast, or communication to the public of works or copies of works, by a person without authority, knowing that electronic rights management information has been removed or altered without authority; or illicit streaming.

230.2 In determining the number of years of imprisonment and the amount of fine, the court shall consider the value of the infringing materials that the defendant has produced or manufactured and the damage that the right owner has suffered

by reason of the infringement. The court may also take into account whether the infringement was committed willfully and/or in commercial scale or in relation to other laws such as R.A. No. 10175, otherwise known as the Cybercrime Prevention Act of 2012 and R.A. No. 8792, otherwise known as the Electronic Act of 2000.

230.3 In all cases, subsidiary imprisonment in cases of insolvency.

Chapter VIII OTHER SANCTIONS

SECTION 231. *Revocation of Business Permit, License, or Authority; Blacklisting from Government Procurement.* - Any person who refuses or fails to comply with the decision or order of the Director General, the appropriate agency, including local government units, upon recommendation of the Office, shall cancel, revoke, or suspend any business permit, license and/or authority. Such person shall also be blacklisted from government procurement transactions.

SECTION 232. *Contempt*

- a. *Direct Contempt.* - A person guilty of misbehavior so as to obstruct or interrupt the proceedings before the Office, including disrespect towards them, offensive personalities toward others, or refusal to be sworn or to answer as a witness, or to subscribe an affidavit or deposition when lawfully required to do so, may be summarily adjudged in contempt and punished by a fine not exceeding Two thousand pesos (PHP 2,000.00).
- b. *Indirect Contempt.* - After a charge in writing has been filed, and an opportunity given to the respondent to comment thereon within such period as may be fixed by the Office and to be heard by himself or counsel, a person guilty of any of the following acts may be punished for indirect contempt:

- a. Disobedience of or resistance to a lawful writ, process, order, or judgment of the Office;
- b. Any abuse of or any unlawful interference with the processes or proceedings of not constituting direct contempt under this section;
- c. Any improper conduct tending, directly or indirectly, to impede, obstruct, or degrade the administration of justice;
- d. Failure to obey a subpoena duly served.

If the respondent is adjudged guilty of indirect contempt he may be punished by a fine not exceeding thirty thousand pesos (PHP 30,000.00).

- c. The Director General shall promulgate the rules of procedure for the punishment of contempt.

Chapter IX BORDER MEASURES

SECTION 233. *Prohibition of Entry into the Philippines.* – Any infringing goods or articles shall not be imported into the Philippines or admitted entry at any customhouse of the Philippines. The owner, importer, or consignee of goods refused entry at any customhouse under this section may have any recourse under the customs revenue laws or may have the remedy given by this Act in cases involving goods refused entry or seized.

SECTION 234. *Importation and Exportation of Infringing Materials.* - Subject to the approval of the Secretary of Finance, the Commissioner of Customs is hereby empowered to make rules and regulations for preventing the importation or exportation of infringing articles prohibited under Part VI of this Act and under relevant treaties and conventions to which the Philippines may be a party and for seizing and condemning and disposing of the same in case they are discovered after they have been imported or before they are exported.

provisions of this Act, unless the applicants elect to prosecute said applications in accordance with the Acts under which they were filed.

SECTION 240. *Preservation of Existing Rights* – Nothing herein shall adversely affect the rights on the enforcement of rights in patents, utility models, industrial designs, marks and works, acquired in good faith prior to the effective date of this Act.

SECTION 241. *Notification on Berne Appendix* – The Philippines shall by proper compliance with the requirements set forth under the Appendix of the Berne Convention (Paris Act, 1971) avail itself of the special provisions regarding developing countries, including provisions for licenses grantable by competent authority under the Appendix.

SECTION 242. *Transitory Provision.* – The employees of the offices or units that will be abolished upon the effectivity of this Act shall be absorbed by the Office without diminution of their rank, salaries, and other emoluments, in accordance with the Office's staffing pattern, subject to civil service laws, rules, and regulations.

SECTION 243. *Repeals.* –

241.1. All laws, Acts, parts of Acts, rules of court, executive orders, and administrative regulations which are inconsistent with this Code are hereby repealed. Republic Act No.10372 or *an Act Amending certain provisions of Republic Act No. 8293*; Republic Act 8293, as amended; Republic Act No. 165, as amended; Republic Act No. 166, as amended; and Articles 188 and 189 of the Revised Penal Code; Presidential Decree No. 49, including Presidential Decree No. 285, as amended, are hereby repealed.

241.2. Marks registered under Republic Act No. 166 and Republic Act No. 8293 shall remain in force but shall be deemed to have been granted under this Act and shall be due for renewal within the period provided for under this Act and, upon

SECTION 235. *Disclosure of Information.* - Where any article or its packaging or an implement for making it is seized or detained under a valid search and seizure under this Act is, or is reasonably suspected to be, by an authorized enforcement officer, in violation of this Act, the said officer shall, wherever reasonably practicable, notify the owner of the intellectual property rights in question or his authorized agent of the seizure or detention, as the case may be.

PART VII ^{SEP} FINAL PROVISIONS

SECTION 236. *Equitable Principles to Govern Proceedings.* - In all *inter partes* proceedings in the Office under this Act, the equitable principles of laches, estoppel, and acquiescence where applicable, may be considered and applied.

SECTION 237. *Reverse Reciprocity of Foreign Laws.* - Any condition, restriction, limitation, diminution, requirement, penalty or any similar burden imposed by the law of a foreign country on a Philippine national seeking protection of intellectual property rights in that country, shall reciprocally be enforceable upon nationals of said country, within Philippine jurisdiction.

SECTION 238. *Compensation Structure.* - The Office shall also institute its own compensation structure: *Provided*, That the Office shall make its own system to conform as closely as possible with the principles provided for under Republic Act No. 6758, as amended. The Office shall not be subject to the provisions of Republic Act No. 7430.

SECTION 239. *Applications Pending on Effective Date of Act* - All applications for patents pending in the Bureau of Patents, Trademarks and Technology Transfer shall be proceeded with and patents thereon granted in accordance with the Acts under which said applications were filed, and said Acts are hereby continued to be enforced, to this extent and for this purpose only, notwithstanding the foregoing general repeal thereof: *Provided*, That applications for utility models or industrial designs pending at the effective date of this Act, shall be proceeded with in accordance with the

renewal, shall be reclassified in accordance with the International Classification.

241.3. The provisions of this Act shall apply to works in which copyright protection obtained prior to the effectivity of this Act is subsisting: *Provided*, That the application of this Act shall not result in the diminution of such protection.

SECTION 244. *Separability* – If any provision of this Act or the application of such provision to any circumstances is held invalid, the remainder of the Act shall not be affected thereby.

SECTION 245. *Effectivity* – This Act shall take effect immediately upon its publication in the *Official Gazette* or in at least two (2) newspapers of general circulation in the Philippines.

Approved,