

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

Nineteenth Congress
First Regular Session

House Bill No. 799



Introduced by **Representative JOEY SARTE SALCEDA**

AN ACT
ESTABLISHING THE REVISED INTELLECTUAL PROPERTY CODE OF
THE PHILIPPINES

EXPLANATORY NOTE

Intellectual Property is an ever-evolving field of law. It is ever-evolving precisely because the nature of intellectual content, the media through which it is transmitted, and the venues through which it is transacted changes with technology. As such, intellectual property laws must be agile and adaptable, suited to rapid changes in technology.

The Intellectual Property Code of the Philippines was last amended in 2013. Ten years hence, the more pervasive, almost ubiquitous use of the internet has radically changed the intellectual property landscape. For example, the world economy has moved towards faster, more “instant” transactions. As such, the need for cross-border and alternative dispute resolution mechanisms, which this proposal provides, has become more pronounced in recent years.

At a simpler level, this proposal also revises the way the Philippine bureaucracy accepts and processes applications for patents, to make the system more attuned to the digital age. For example, the original IP Code included provisions for accepting applications by “telecopier.” Of course, there were also no provisions for electronic signatures yet. This proposal allows acceptance of applications through “electronic means” which can be set by implementing regulations.

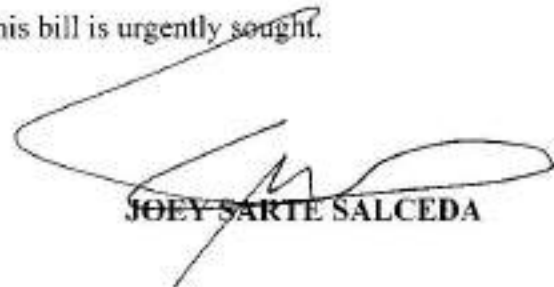
The proposal also has provisions to address new media through which intellectual property may be displayed legally or otherwise. For example, the original IP Code could not have anticipated the broad use of “websites” that has become a staple of daily digital life. This proposal now includes the power for regulators to issue “permanent blocking orders, take down orders, cease-and-desist, or disable access orders, to the intermediary service providers, domain name registries and registrars, website owners, online intermediaries, online platforms, social media platforms, or any similar medium in relation to an online violation of intellectual property rights.”

At the same time, the role of intellectual property in national development has become accepted by consensus. At the height of COVID-19, the speedy development and public mobilization of intellectual property over vaccines has accelerated the mitigation and control of the virus. As such, this proposal aims to provide a clearer, more thorough framework for the use of patents by the government.

In other words, this proposal revises the original IP Code such that it now provides for technologies and media that were not anticipated in its time. The proposal also broadens the power of regulators to such extent as to allow for even newer technologies not present at this time.

The enactment of this proposal will be crucial as we encourage more Filipinos to participate in the economy through the creative industries and through scientific and technological development and innovation.

In view of the foregoing, the approval of this bill is urgently sought.



JOEY SARTE SALCEDA

Republic of the Philippines
HOUSE OF REPRESENTATIVES
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Nineteenth Congress
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House Bill No. 739

Introduced by Representative JOEY SARTE SALCEDA

**AN ACT
ESTABLISHING THE REVISED INTELLECTUAL PROPERTY CODE OF
THE PHILIPPINES**

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

SECTION 1. *Short Title.* – This Act shall be known as the “Revised Intellectual Property Code of the Philippines.”

SEC. 2. *Declaration of Policy.* – 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, promotes business confidence and ensures market access for our products. Towards this end, the State shall:

(a) 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, creators, artists and other gifted citizens including the indigenous peoples and local community;

(b) 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; and

(c) recognize, protect, and promote 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.

SEC. 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.

SEC. 4. *Definitions of Terms.* – As used in this Act:

4.1. “*Counterfeit goods*” refer to any goods or materials including packaging bearing without authorization a trademark which is identical to a trademark validly registered with the IPOPHL or already declared as a well-known mark internationally and in the Philippines by a competent authority in respect of such goods or which cannot be distinguished in its essential aspects from such a trademark, and which thereby violates the rights of the owner of the trademark in question.

4.2. “*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.

4.3. “*Intellectual property*” or “*intellectual property rights*” refer to the following:

- (a) Copyright and Related Rights;
- (b) Geographical Indications;
- (c) Industrial Designs;
- (d) Layout-Designs (Topographies) of Integrated Circuits;
- (e) Patents;
- (f) Protected Undisclosed Information;
- (g) Trademarks and Service Marks; and
- (h) Utility Models.

4.4 “*IPOPHL Gazette*” or “*E-Gazette*” refers to the printed or electronic publication of the Office under this Act.

4.5. “*Office*” refers to the Intellectual Property Office of the Philippines (IPOPHL).

4.6. “*Pirated goods*” refer to any goods or materials or content, whether tangible and intangible, in electronic or digital form, which are made, produced, copied, reproduced, disseminated, distributed, imported, used, removed, altered, substituted, modified, storage, uploaded, downloaded, communicated, made available to the public, or protected material broadcasted, or replicated without the consent of the right holder or person duly authorized by the right holder and which are made, produced, or replicated directly or indirectly from an article where the making of that copy would have constituted an infringement of copyright or

related rights.

4.7. "*Technology transfer arrangements*" refer 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; 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. The term shall not include business franchises.

PART I

THE INTELLECTUAL PROPERTY OFFICE

SEC. 5. Functions of the Intellectual Property Office of the Philippines (IPOPHL). –

5.1. The Office is mandated to administer and implement the State policies declared in this Act, having 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, copyright, utility models and industrial designs, issued and approved, and the technology transfer arrangements registered;

(g) Administratively adjudicate disputes involving intellectual property rights;

(h) Undertake enforcement functions supported by concerned agencies;

(i) Coordinate with and enter into partnerships 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;

(j) Secure and receive bilateral and international grants and endowments to support its programs/projects; and

(k) Formulate policies to promote creativity, innovation, and respect for intellectual property.

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. The Office shall have the authority to establish and collect fees and other charges in the exercise of its functions and rendering of services including the holding of trainings and seminars. In relation to and in the performance of its functions and promotion of intellectual property, the Office shall have the authority to sell educational and promotional materials, and import and accept donations consisting of equipment or similar items to be exclusively used for official purposes.

5.4. The Office shall promulgate rules and procedures, including reasonable timelines consistent with international agreements and best practices. Due to the extremely complicated and exceptionally technical field of intellectual property, the Office is exempted from the mandated timelines for processing transactions under Republic Act No. 11032, otherwise known as the "Ease of Doing Business and Efficient Government Service Delivery Act of 2018".

The rules of procedure shall include 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.

SEC. 6. The Organizational Structure of the IPOPHL. –

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 divided into seven (7) Bureaus, each of which shall be headed by a Director and assisted by an Assistant Director. These Bureaus are:

- (a) The Bureau of Patents;
- (b) The Bureau of Trademarks;
- (c) The Bureau of Legal Affairs;
- (d) The Bureau of Innovation Support and Business Development;
- (e) The Information Technology Management Service;
- (f) The Finance, Administrative, and Human Resource Development Services; and
- (g) The Bureau of Copyright and Related Rights

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.

SEC. 7. The Offices of the Director General and Deputies 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 Director General such as, but not limited to :

- (a) Strategy Management and Planning;
- (b) Intellectual Property Academy (IP Academy);
- (c) Intellectual Property Rights Enforcement;
- (d) Intellectual Property Field Operations;
- (e) Legal and Appeals;
- (f) Policy Research and International Affairs; and
- (g) Internal Audit and Quality Management

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 acknowledgment of individuals representing applicants or other parties before the Office or handling services related to intellectual property.

In the exercise of the 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 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; *Provided*, That for the rules and regulations on acknowledgment of individuals

representing applicants or other parties before the Office or handling services related to intellectual property, such rules and regulations shall be subject to Rule 138 of the Rules of Court of the Philippines.

(b) Exercise

- (1) Exclusive original jurisdiction over petitions for the grant of compulsory licenses or special compulsory licenses. 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, Director of Patents, Director of Trademarks, Director of Copyright and Related Rights, and Director of Innovation Support and Business Development in the performance of their quasi-judicial functions.

The decisions of the Director General in the exercise of his appellate jurisdiction in respect of the decisions of the Director of Legal Affairs, Director of Patents, Director of Trademarks, 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 of Innovation Support and Business Development on technology transfer arrangements shall be appealable to the Secretary of Trade and Industry;

(c) Undertake enforcement functions supported by concerned agencies such as:

- (1) Issue visitorial orders in relation to violations of intellectual property rights involving counterfeit and pirated goods and materials, and if necessary, issue provisional cease and desist and preventive custody orders: Provided, That the issuance of such orders are in accordance with the procedure under this Act: Provided however, That the complainant shall post a bond sufficient to answer for any and all damages that the respondent may suffer because of the wrongful order.

For purposes of the issuance of the orders under this section, the following shall be strictly complied with:

(1.1) Issuance of Visitorial Orders

The visitorial order shall be issued in relation to violations of intellectual property rights involving counterfeit and pirated goods and materials, and only upon filing of a verified complaint by the owner(s) or holder(s) of intellectual property rights or their authorized representatives, accompanied by (a) a certificate of registration or sworn statement of ownership, (b) a sample of the authentic and counterfeit or pirated goods and materials subject of the complaint, and (c) a sworn statement by the complainant or its expert on the lack of authenticity of the product and/or lack of authority of the respondent to sell, offer for sale, displayed or make available to the public the said goods and materials. Any visitorial order shall be issued only upon showing of reasonable cause by the complainant

and any visit shall only be conducted during reasonable hours to open establishments and businesses where the counterfeiting or piracy is alleged to be taking place or counterfeit goods or pirated goods or materials are alleged to be sold, offered for sale, displayed or made available to the public.

During the visit, the Director General, or any officer authorized in writing by the Director General, shall give the respondent a reasonable time and opportunity to provide evidence of authenticity and/or authority for the goods sold, offered for sale, displayed or made available to the public, or kept in storage.

(1.2) Cease and Desist Order; Preventive Custody Order

A cease-and-desist order may be issued only if the respondent fails to produce such evidence of authenticity or authority, and the subject goods may be placed in preventive custody. Goods placed in preventive custody shall be subject to inventory, appropriately marked, and segregated from the rest of the products in the establishment but shall physically remain in the establishment of the respondent or in a place mutually agreed upon by the complainant, the respondent, and the Director General or any officer authorized in writing by the Director General. The inventory shall be witnessed and accepted by the respondent.

(1.3) Compliance to Cease-and-Desist and Preventive Custody

The preventive custody of the goods shall be effective for a period of fifteen (15) days which may be extendible for a maximum of another fifteen (15) days upon reasonable ground. Within this period, the respondent should be able to show cause why the preventive custody should be revoked, amended or not made permanent, and the Director General shall make a determination thereof.

If the goods are determined to be not counterfeit or pirated, the preventive custody shall be revoked within twenty-four (24) hours and an Order for Release of the goods subject of preventive custody shall be issued within the said period.

Should the Director General determine that the goods are counterfeit or pirated, an Order of Confiscation shall, within twenty-four (24) hours, be issued and the goods shall be confiscated and removed from the establishment of the respondent and subjected to forfeiture, destruction, or disposal proceedings in accordance with law.

The IPOPHL and the Department of Justice (DOJ) shall issue the necessary implementing rules and regulations (IRR) for the proper implementation of the visitorial powers of the Director General.

- (2) Issue temporary and permanent blocking orders, take down orders, cease-and-desist, or disable access orders, to the intermediary service providers, domain

name registries and registrars, website owners, online intermediaries, online platforms, social media platforms, or any similar medium in relation to an online violation of intellectual property rights involving counterfeit and pirated goods, materials, and content, upon filing of a verified complaint by the owner(s) or holder(s) of the intellectual property rights or their authorized representative accompanied by a certificate of registration or sworn statement of ownership, and a sworn statement by the complainant or its expert on the lack of authenticity of the product and/or lack of authority to sell, offer for sale, display or make available to the public the counterfeit or pirated goods and materials; Provided, That the complainant shall post a bond to be determined by the Director General sufficient to answer for damages that the respondent may suffer because of the issuance of a wrongful order.

The temporary blocking, takedown, cease and desist or other orders or measures shall be issued only upon showing of grave injury on the part of the applicant, unless the main purpose is to facilitate online access to infringing content, and shall only be effective for fifteen (15) days, for a maximum period of thirty (30) days. Within this period, the Director General shall order the respondent to show cause why the temporary order or measure should be revoked, amended or not made permanent. The Director General shall determine within the same period whether the temporary order or measure should be amended, revoked or made permanent

The Director General shall issue fair and equitable procedures to implement its enforcement powers, which procedures shall be applied in a manner as to avoid the creation of barriers to legitimate trade and to provide for safeguards against their abuse.

(d) The power to hold in contempt, in accordance with the procedure provided under the implementing rules and regulations of the Office, on all those who disregard orders or writs issued in the exercise of the powers and functions provided for in this subsection, and to impose a fine of not less than Twenty thousand pesos (PhP 20,000) but not more than Three hundred thousand pesos (PhP 300,000); 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 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 hold office until the successor is appointed and qualified. The Director General and each of the Deputies Director General shall be eligible for reappointment only once. Appointment to any vacancy shall be only for

the unexpired term of the predecessor.

SEC. 8. *Strategy Management and Planning.* – The Strategy Management and Planning under the Office of the Director General shall have the following functions:

(a) Provide efficient and effective services related to the formulation of data-driven plans and programs, monitoring of organizational performance, and review of strategic priorities;

(b) Drive IPOPHL's strategic planning process by enhancing its knowledge of the driving forces in its operating environment; and

(c) Identify and develop future-ready capabilities to improve IPOPHL's work.

SEC. 9. *Intellectual Property (IP) Academy.* – The IP Academy shall have the following functions:

(a) Support the agent accreditation process of the Office by facilitating or conducting the accreditation training, examination, registration, and other supporting activities to accredit and register intellectual property agents, and representatives;

(b) Build high-level understanding, competence and expertise in the fields of intellectual property and other related areas through the conduct of certification programs, advanced highly-technical courses, learning tracks system, continuing professional development programs and other similar activities;

(c) Create and formulate the training and learning outlines, methods, curricula, modules, programs, and instructional materials for the training, learning, education programs, and other similar activities on intellectual property and other relevant disciplines;

(d) Assist and support the capacity building programs of Bureaus and offices in relation to learning management, learning evaluation processes, as well as research initiatives and knowledge-building programs of intellectual property and other relevant disciplines;

(e) Support and establish the creation of scientific, interdisciplinary, evidence-based and other related research and studies on intellectual property and related disciplines through the conduct of conferences, conventions, publications, and other similar activities on research and knowledge-creation; and

(f) Enhance and integrate intellectual property in the learning system of the country through the establishment of partnerships and cooperation with local or foreign educational, learning and research institutions, government agencies, private sectors, and other professional organizations.

SEC. 10. *Intellectual Property Rights Enforcement.* – The Intellectual Property Rights Enforcement under the Office of the Director General shall have the following powers and functions, subject to the jurisdiction of the Bureau of Legal Affairs:

(1) Gather intelligence information related to the violations of this Act, conduct inquiry and investigation and develop effective countermeasures to deter counterfeit and pirated goods

or content;

(2) Conduct visits during reasonable hours to establishments and businesses of activities suspected to be in violation of this Act in accordance with the procedure provided for under Section 7.2;

(3) Develop a database of pending cases involving violations of this Act;

(4) Undertake any or all of the following enforcement actions:

(a) Serve and execute the administrative orders duly issued by the Office of the Director General in accordance with its powers granted in Section 7 of this Act, such as visitorial order on premises, confiscation orders against counterfeit and pirated goods, enforcement orders, and take down and/or blocking orders against websites or online platforms, in coordination with the appropriate agency or intermediary service provider;

(b) Issue notice/warning to the respondent/s;

(c) Recommend that the concerned local government unit and/or other government agency cancel licenses and business permits for engaging in selling or making available to the public counterfeit and pirated goods or file charges against the respondents for violation of their respective laws, rules or regulations;

(d) Request the concerned local government unit concerned and/or other government agencies to implement the decisions of the Intellectual Property Rights Enforcement pursuant to their respective mandates;

(e) Report the result of service and execution of administrative orders; and

(f) Such other orders or actions necessary to ensure compliance with the provisions of this Code Act.

(5) Coordinate with other government agencies and the private sector efforts on matters related to intellectual property rights enforcement;

(6) Assist in the enforcement of orders, writs, and processes issued by the Bureau of Legal Affairs and the Office of the Director General;

(7) Conduct monitoring activities related or relevant to Intellectual Property rights enforcement;

(8) Exercise inter-agency special enforcement coordination functions; and

(9) Such other powers and functions as may be necessary or incidental to the attainment of the purposes and objectives of this Act or as may be assigned by the Director General and the Deputy Director General.

SEC. 11. *Intellectual Property Field Operations (IPFO).* – The Intellectual Property Field Operations (IPFO) under the Office of the Director General shall have the following

functions:

(a) Implement programs and render intellectual property-related services to promote the effective use and respect of intellectual property, and foster an intellectual property-inspired culture of innovation and creativity in the regions of the country;

(b) Develop linkages and partnerships with regional offices of other government agencies, local government units and local academic institutions to advance intellectual property-focused programs in the regions; and

(c) Perform such other functions that will promote the mandate of the Office.

SEC. 12. *Bureau of Patents*. – The Bureau of Patents shall have the following functions:

12.1. Search and examination of patent applications and the grant of patents;

12.2. Registration of utility models and integrated circuits;

12.3. 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; and

12.4. Provide other administrative support services related to the foregoing and charge reasonable fees therefor.

SEC. 13. *Bureau of Trademarks*. – The Bureau of Trademarks shall have the following functions:

13.1. Search and examination of the applications for the registration of marks, geographical indications and other marks of ownership and the issuance of the certificates of registration;

13.2. Registration of industrial designs;

13.3. Conduct studies and researches in the field of trademarks in order to assist the Director General in formulating policies on the administration and examination thereof;

13.4. Establish and maintain registers of trademarks, well-known marks, and other marks of ownership; and

13.5. Provide other administrative support services related to the foregoing and charge reasonable fees therefor.

SEC. 14. *Bureau of Copyright and Related Rights*. – The Bureau of Copyright and Related Rights shall have the following functions:

14.1. Exercise original jurisdiction to resolve disputes relating to copyright and related rights, except copyright infringement cases, cancellation of copyright registration, and those other cases falling within the jurisdiction of the Bureau of Legal Affairs;

14.2. Accept and review applications for the accreditation of collective management

organizations or similar entities, and within twenty (20) days from the submission of complete application documents and observation of interested parties, decide on the said applications for accreditation. The Bureau of Copyright and Related Rights recognizes the importance of the role of collective management organizations and shall encourage accreditation thereof.

14.3. Formulate and implement plans and projects to promote the use of copyright and related rights as a tool to foster a culture of creativity and respect for artistic creations;

14.4. Receive, evaluate and allow the voluntary registration and deposit of works as provided under Section 214 of this Act;

14.5. Establish and maintain registries or databases involving copyright and related rights in coordination with other government agencies, entities and private stakeholders;

14.6. Conduct researches and education activities, to enhance public awareness on copyright and of fair use of works;

14.7. Approve, after careful deliberation and/or public consultation, matters concerning the rate or amount of fees and royalties of collective management organizations mentioned in Section 203 of this Act; and

14.8. Perform other functions to the foregoing and charge reasonable fees therefor.

The Director General may, by regulations, establish the procedure to govern the implementation of this section.

SEC. 15. *Bureau of Legal Affairs.* – The Bureau of Legal Affairs shall have the following functions:

15.1. 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 70 of this Act, cancellation of patents, utility models, industrial designs, and layout-designs (topographies) of integrated circuits;

(d) Cancellation of copyright registration;

(e) Petition for declaration as true and actual inventor; and

(f) Revocation of declaration as true and actual inventor.

Provided, that decisions of the adjudication officers are appealable to the Director.

15.2. Jurisdiction:

(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, after notice and hearing, have the power to impose fines of not less than fifty thousand pesos (Php50,000) but not more than Three hundred thousand pesos (Php300,000.00) for all those who disregard orders or writs issued in the course of the proceedings, and recommend or pursue contempt actions as provided under Section 7.2(d), or the revocation of the relevant business permit, license or authority as provided in Section 258 of this Act, or both.

(b) After formal investigation, the Bureau may impose one (1) or more of the following administrative penalties:

- (i) 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;
- (ii) 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:
 - (1) An assurance to comply with the provisions of the intellectual property law violated;
 - (2) An assurance to refrain from engaging in unlawful and unfair acts and practices subject of the formal investigation;
 - (3) An assurance to recall, replace, repair, or refund the money value of defective goods distributed in commerce; and
 - (4) 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 report and file a bond to guarantee such compliance of undertaking;
- (iii) 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;
- (iv) The forfeiture of paraphernalia, machines, equipment and personal properties used primarily or predominantly which have been used in the violation of intellectual property rights;
- (v) The imposition of administrative fines, which shall in no case be less than One hundred thousand pesos (Php100,000) nor more than One million pesos (Php1,000,000). In addition, an additional fine of not less than Ten thousand pesos (PhP 10,000) shall be imposed for each day of continuing violation;

- (vi) 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 as the Bureau may deem reasonable which shall not exceed one (1) year;
- (vii) The withholding of any license, authority, or registration which is being secured by the respondent from the Office;
- (viii) 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;
- (ix) Censure; and
- (x) Other analogous penalties or sanctions.

Provided, that decisions of the adjudication officers are appealable to the Director.

15.3. Establish and administer alternative dispute resolution mechanisms; and

15.4. Provide assistance to other bureaus and offices of the IPOPHL, including legal review, study, and similar tasks; and.

The Director General may, by regulations, establish the procedure to govern the implementation of this Section.

SEC. 16. *Bureau of Innovation Support and Business Development.* – The Bureau of Innovation, Support and Business Development shall have the following functions:

16.1. Foster creativity, innovation, and business development by implementing policies, programs, and activities therefor, through the following:

(a) Promoting and providing assistance on the utilization and commercialization of intellectual property through various modes in coordination and collaboration with other government agencies and the relevant private institutions;

(b) Promoting the use of intellectual property information as a strategic tool to facilitate the development of technology in the country;

(c) Performing patent searches, analytics mapping and similar activities;

(d) Registering technology transfer arrangements, and settling disputes involving technology transfer payments;

(e) Adapting and packaging intellectual property information; and

(f) Provide Providing advisory services for the determination of search patterns;

16.2. Building public awareness on intellectual property through information dissemination and the conduct of seminars, lectures, capacity building exercises and other similar activities; and

16.3. Support advocacy programs and initiatives of the Office through marketing of services, and external communications; .

The Director General may, by implementing rules and regulations, establish the procedure to govern the implementation of this Section.

SEC. 17. *Information Technology Management Service.* – The Information Technology Management Service shall:

17.1 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

17.2. Develop and maintain databases, application systems, and network infrastructure systems to support all office and bureau operations.

SEC. 18. *Finance, Administrative and Human Resource Development Services.* –

18.1. The Finance Service shall:

(a) Formulate and manage a financial program to ensure availability and proper utilization of funds; and

(b) Provide for an effective monitoring system of the financial operations of the Office;

18.2. The Administrative Service 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; and

(b) Receive all applications filed with the Office and collect fees, therefore.

18.3. The Human Resource Development Service shall:

(a) Design and implement human resource development plans and programs for the personnel of the Office;

(b) Provide for present and future needs of the organization; and

(c) Maintain high morale and favorable employee attitudes towards the organization through the continuing design and implementation of employee development programs.

SEC. 19. *The National Council on Intellectual Property Rights (NCIPR).* – There shall be created a National Council on Intellectual Property Rights under this Act.

19.1. *Composition.* – The NCIPR shall be composed of the following member agencies:

- (a) Department of Trade and Industry (DTI);
- (b) Intellectual Property Office of the Philippines (IPOPHL);
- (c) Department of Justice (DOJ);
- (d) Department of Interior and Local Government (DILG);
- (e) Department of Information and Communications Technology (DICT);
- (f) Bureau of Customs (BOC);
- (g) National Telecommunications Commission (NTC);
- (h) Optical Media Board (OMB);
- (i) National Bureau of Investigation (NBI);
- (j) Philippine National Police (PNP);
- (k) Food and Drug Administration (FDA);
- (l) National Book Development Board (NBDB);
- (m) Bureau of Internal Revenue (BIR);
- (n) National Commission on Indigenous People (NCIP);
- (o) Office of the Special Envoy for Transnational Crimes;
- (p) Such other agencies as may be called upon by the NCIPR; and
- (q) A representative from the private sector to be appointed by the Secretary of Trade and Industry upon the recommendation of the Director General, and who shall have a term of two (2) years, without reappointment.

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.

19.2. *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; and

(f) Coordinate with other government agencies and the private sector efforts on matters related to intellectual property rights enforcement.

To perform these functions, all 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.

SEC. 20. Use of Intellectual Property Rights Fees by the IPOPHL. –

20.1. 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 and other charges, 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.

20.2. After five (5) years from the coming into force of this Act, the Director General shall, subject to the approval of the Secretary of Trade and Industry, determine if the fees and charges mentioned in Section 20.1 hereof that the Office shall collect are sufficient to meet its budgetary requirements. If so, it shall retain all the fees and charges it shall collect under the same conditions indicated in said Section 20.1 but shall forthwith, cease to receive any funds from the annual budget of the National Government; if not, the provisions of said Section 20.1 shall continue to apply until such time when the Director General, subject to the approval of the Secretary of Trade and Industry, certifies that the above-stated fees and charges the Office shall collect are enough to fund its operations.

SEC. 21. 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.

SEC. 22. Seal of Office. – The Office shall have a seal, the form and design of which shall be approved by the Director General.

SEC. 23. *Publication of Laws and Regulations.* – The Director General shall cause to be printed and make 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.

SEC. 24. *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.

SEC. 25. *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 II THE LAW ON PATENTS

CHAPTER I GENERAL PROVISIONS

SEC. 26. *Definition of Terms.* – As used in Part II of this Act, the following terms shall mean:

26.1. “*Bureau*” means the Bureau of Patents;

26.2. “*Director*” means the Director of Patents;

26.3. “*Examiner*” means the patent examiner;

26.4. “*Patent application*” or “*application*” means an application for a patent for an invention except in Chapters IX and X, where application means an application for a utility model and layout-design (topography) of integrated circuit, respectively;

26.5. “*Priority date*” means the date of filing of the foreign application for the same invention referred to in Section 32 of this Act.

26.6. “*Provisional Patent Application*” means a temporary patent application that complies with Section 39.2 and filed for purposes of establishing an early filing date.

26.7. “*Regulations*” means the Rules of Practice in Patent Cases formulated by the Director of Patents and promulgated by the Director General.

CHAPTER II PATENTABILITY

SEC. 27. *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.

SEC. 28. *Non-Patentable Inventions.* – The following shall be excluded from patent protection:

28.1. 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;

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

28.3. 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;

28.4. Plant varieties or animal breeds or essentially biological process for the production of plants or animals. This provision shall not apply to micro-organisms 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;

28.5. Aesthetic creations; and

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

SEC. 29. *Novelty.* – An invention shall not be considered new if it forms part of a prior art.

SEC. 30. *Prior Art.* – Prior art shall consist of:

30.1. 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: Provided, That an undisclosed provisional patent application shall not be considered as prior art; and

30.2 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 38 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.

SEC. 31. *Non-Prejudicial Disclosure.* –

31.1. 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 was contained (a) in another application filed by the inventor and should not have been disclosed by the office, or (b) 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.

31.2. For the purposes of Section 31.1 hereof, "inventor" also means any person who, at the filing date of application, had the right to the patent.

SEC. 32. *Inventive Step.* –

32.1. 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.

32.2. 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.

SEC. 33. *Industrial Applicability.* – An invention that can be produced and used in any industry shall be industrially applicable.

CHAPTER III RIGHT TO A PATENT

SEC. 34. *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.

SEC. 35. *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.

SEC. 36. *Inventions Created Pursuant to a Commission.* –

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

36.2. 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.

SEC. 37. *Right of Priority.* –

37.1. 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: 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; and (c) a certified copy of the foreign application together with an English translation is filed within six (6) months from the date of filing in the Philippines.

37.2. The date of filing of a provisional patent application may be claimed as the priority date of the patent application provided that such patent application was filed within 12 months and in accordance with the requirements of Section 383.1 hereof.

**CHAPTER IV
PATENT APPLICATION**

SEC. 38. *The Application.* –

38.1. 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) At least one (1) claim;
- (e) An abstract;
- (f) Payment of required fees at the time of filing; and
- (g) If the applicant is not domiciled in the Philippines, the appointment of an agent or

representative upon whom notice or process for judicial or administrative procedure relating to the application for patent or the patent may be served.

38.2. 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.

SEC. 39. Provisional Patent Application. –

39.1. A provisional patent application shall be replaced by a patent application that complies with Section 39.2 hereof: Provided, That such patent application is filed within twelve (12) months from the filing date of the provisional patent application: Provided further, That if new matter not included in the provisional application is introduced, the filing date shall be when the regular application is filed, otherwise such provisional patent application shall be considered forfeited.

39.2. A provisional patent application shall contain the following:

- (a) Request Form for Provisional Application;
- (b) Provisional description of the invention;
- (c) Provisional drawings and/or sequence listings, if applicable;
- (d) At least one (1) provisional claim;
- (e) Provisional abstract;
- (f) Payment of required fees at the time of filing; and

(g) If the applicant is not domiciled in the Philippines, the appointment of an agent or representative upon whom notice or process for judicial or administrative procedure relating to the application for patent or the patent may be served.

39.3. The benefits of filing a provisional patent application refer only to the right of claiming priority date under Section 37.2 hereof and for establishing novelty under Section 29 hereof. The protection period referred to in Section 60 of this Act shall be reckoned from the filing date of the provisional patent application.

SEC. 40. 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.

SEC. 41. Disclosure and Description of the Invention. –

41.1. 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. This requirement shall also apply to a provisional patent

application.

41.2. The Regulations shall prescribe the contents of the description and the order of presentation.

SEC. 42. *The Claims.* –

42.1. 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.

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

SEC. 43. *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.

SEC. 44. *Unity of Invention.* –

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

44.2. 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 however, That each divisional application shall not go beyond the disclosure in the initial application.

44.3. 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.

SEC. 45. *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**

SEC. 46. *Filing Date Requirements.* –

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

- (a) An express or implicit indication that a Philippine patent is sought;
- (b) Information identifying the applicant; and
- (c) Description of the invention and one (1) or more claims in Filipino or English.

46.2. In the case of the provisional patent application, the filing date shall be the date of receipt by the Office of all of the requirements in Section 39.2.

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

SEC. 47. *According a Filing Date.* – The Office shall examine whether the patent application or a provisional patent application satisfies the requirements for the grant of date of filing as provided in Section 46 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 46 hereof, 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.

SEC. 48. *Formality Examination.* –

48.1. 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 38 of this Act and the Regulations within the prescribed period, otherwise the application shall be considered withdrawn.

48.2. 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.

SEC. 49. *Classification and Search.* – An application that has complied with the formal requirement shall be classified and a search conducted to determine the prior art.

SEC. 50. *Publication of Patent Application.* –

50.1. 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.

50.2. After publication of a patent application, any interested party may inspect the application documents filed with the Office.

50.3. 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.

SEC. 51. *Confidentiality Before Publication.* –

51.1. 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.

51.2. *Confidentiality of Provisional Patent Application.* – A provisional patent application that has complied with the requirements in Sections 41 and 42 of this Act shall be kept in confidence by the Office and as such, will not be published in the IPOPHL Gazette or in any other means of publication. Provisional patent applications that are forfeited shall be destroyed or permanently deleted and no records of which shall be kept by the Office.

SEC. 52. *Rights Conferred by a Patent Application After Publication.* – The applicant shall have all the rights of a patentee under Section 82 of this Act against any person who, without his authorization, exercised any of the rights conferred under Section 77 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:

52.1. Actual knowledge that the invention that he was using was the subject matter of a published application; or

52.2. 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 a patent on the published application and within four (4) years from the commission of the acts complained of.

SEC. 53. *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.

SEC. 54. *Request for Substantive Examination.* –

54.1. The application shall be deemed withdrawn unless within six (6) months from the date of publication under Section 47 hereof, a written request to determine whether a patent application meets the requirements of Sections 27 to 33 and Sections 38 to 45 of this Act and that the fees have been paid on time.

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

SEC. 55. *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.

SEC. 56. *Grant of Patent.* –

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

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

56.3. A patent shall take effect on the date of the publication of the grant of the patent in the IPOPHL Gazette.

SEC. 57. Refusal of the Application. –

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

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

SEC. 58. Publication Upon Grant of Patent. –

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

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

SEC. 59. 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.

SEC. 60. Term of Patent. – The term of a patent shall be twenty (20) years from the filing date of the application. For patent, which was originally filed under provisional patent application, the protection period shall be reckoned from the filing date of the provisional patent application.

SEC. 61. Annual Fees. –

61.1. 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 50 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.

61.2. 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.

61.3. 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.

SEC. 62. Surrender of Patent. –

62.1. 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 his patent or any claim or claims forming part thereof to the Office for cancellation.

62.2. A person may give notice to the Office of his opposition to the surrender of a patent under this section, and if he does so, the Bureau shall notify the proprietor of the patent and determine the question.

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

SEC. 63. *Correction of Mistakes of the Office.* – The Director shall have the power to correct, without fee, any mistake in a patent incurred through the fault of the Office when clearly disclosed in the records thereof, to make the patent conform to the records.

SEC. 64. *Correction of Mistake in the Application.* – On request of any interested person and payment of the prescribed fee, the Director is authorized to correct any mistake in a patent of a formal and clerical nature, not incurred through the fault of the Office.

SEC. 65. *Changes in Patents.* –

65.1. 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.

65.2. 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.

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

SEC. 66. *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 CANCELLATION OF PATENTS AND SUBSTITUTION OF PATENTEE

SEC. 67. *Cancellation of Patents.* –

67.1. 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) That the invention is non-patentable pursuant to Section 28 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.

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

SEC. 68. *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.

SEC. 69. *Notice of Hearing.* – Upon 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.

SEC. 70. *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.

SEC. 71. *Cancellation of the Patent.* –

71.1. 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.

71.2. 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.

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

71.4. If the patent is amended under Section 71.2 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.

SEC. 72. *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 IPOP HL 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

SEC. 73. *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, when appropriate and necessary, 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.

SEC. 74. *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, or raise as a defense in an action, for patent infringement 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.

SEC. 75. *Publication of the Court Order.* – The court shall furnish the Office a copy of the order or decision referred to in Sections 73 and 74 hereof, which shall be published in the IPOP HL 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.

SEC. 76. *Time to File Action.* – The actions indicated in Sections 73 and 74 hereof may be filed at any time but not later than one (1) year from the date of publication of the grant.

CHAPTER VIII

RIGHTS OF PATENTEES AND INFRINGEMENT OF PATENTS

SEC. 77. Rights Conferred by Patent. –

77.1. 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.

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

SEC. 78. 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 77 hereof in the following circumstances:

78.1. 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;

78.2. Where the act is done privately and on a non-commercial scale or for a non-commercial purpose: Provided, That it does not significantly prejudice the economic interests of the owner of the patent;

78.3. 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;

78.4. 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;

78.5. 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

78.6. 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.

SEC. 79. Prior User. –

79.1. Notwithstanding Section 78 hereof, any prior user, who, in good faith was using the invention or has undertaken serious preparations to use the invention in his enterprise or business, 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.

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

SEC. 80. Use of Invention by Government. –

80.1. 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.

80.2 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 80.1(c) hereof, 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 80.1(d) hereof, 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 80.1(e) hereof, 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 80.1(c) hereof, 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.

80.3. 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.

80.4. The IPOPHL, in consultation with the appropriate government agencies, shall issue the appropriate implementing rules and regulations for the use or exploitation of patented inventions as contemplated in this section within one hundred twenty (120) days after the effectivity of this law.

SEC. 81. *Extent of Protection and Interpretation of Claims.* –

81.1. 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.

81.2. 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.

SEC. 82. *Civil Action for Infringement.* –

82.1. The making, using, offering for sale, selling, or importing a patented product or a product obtained directly or indirectly from a patented process, or the use of a patented process without the authorization of the patentee constitutes patent infringement: Provided, That, this shall not apply to instances covered by Sections 78.1 and 78.4 (Limitations of Patent Rights);

Section 80 (Use of Invention by Government); Section 118.6 (Compulsory Licensing); and Section 119 (Procedures on Issuance of a Special Compulsory License under the TRIPS Agreement) of this Act.

82.2. Any patentee, or anyone possessing any right, title or interest in and to the patented invention, whose rights have been infringed, may bring a civil action before the appropriate Regional Trial Court to recover from the infringer such damages sustained thereby, plus attorney's fees and other expenses of litigation, and to secure an injunction for the protection of his or her rights.

82.3. If the damages are inadequate or cannot be readily ascertained with reasonable certainty, the court may award by way of damages a sum equivalent to reasonable royalty.

82.4. The court may, according to the circumstances of the case, award damages in a sum above the amount found as actual damages sustained: Provided, That the award does not exceed three (3) times the amount of such actual damages.

82.5. The court may, in its discretion, order that the infringing goods, materials and implements predominantly used in the infringement be disposed of outside the channels of commerce or destroyed, without compensation; and

82.6. Anyone who actively induces the infringement of a patent or provides the infringer with a component of a patented product or of a product produced because of a patented process knowing it to be especially adopted for infringing the patented invention and not suitable for substantial non-infringing use shall be liable as a contributory infringer and shall be jointly and severally liable with the infringer.

SEC. 83. *Infringement Action by a Foreign National.* – Any foreign national or juridical entity who meets the requirements of Section 3 of this Act and not engaged in business in the Philippines, to which a patent has been granted or assigned under this Act, may bring an action for infringement of patent, whether or not it is licensed to do business in the Philippines under existing law.

SEC. 84. *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.

SEC. 85. *Limitation of Action for Damages.* – No damages can be recovered for acts of infringement committed more than four (4) years before the institution of the action for infringement.

SEC. 86. *Damages; Requirement of Notice.* – Damages cannot be recovered for acts of 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.

SEC. 87. *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, or any claim thereof, on any of the grounds on which a petition of cancellation can be brought under Section 67 hereof.

SEC. 88. *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 IPOPHL Gazette.

SEC. 89. *Assessor in Infringement Action.* –

89.1. 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.

89.2. 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.

SEC. 90. *Criminal Action and Penalties.* –

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

(a) *Repetition of Utility Model Infringement.* – If infringement of utility model 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 six (6) months but not more than three (3) years and/or a fine of not less than Five hundred thousand pesos (PhP 500,000.00) for individual offender, and not less than One million pesos (PhP1,000,000.00) for corporate offender.

(b) *Repetition of Patent Infringement.* – If infringement of invention patents or 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 the period of not less than three (3) years but not more than five (5) years and/or a fine of not less than One Million pesos (PhP 1,000,000) but not more than Five million pesos (PhP 5,000,000) if the infringer is an individual, and a fine of not less than Five Million pesos (PhP 5,000,000) but not more than Twenty million pesos (PhP 20,000,000) if the infringer is a corporation.

CHAPTER IX REGISTRATION OF UTILITY MODELS

SEC. 91. *Applicability of Provisions Relating to Patents.* –

91.1. Subject to Section 92, the provisions governing patents shall apply, mutatis mutandis, to the registration of utility models.

91.2. Where the right to a patent conflict with the right to a utility model registration in the case referred to in Section 35, the said provision shall apply as if the word "patent" were replaced by the words "patent or utility model registration."

SEC. 92. Special Provisions Relating to Utility Models. —

92.1. An invention qualifies for registration as a utility model if it is new and industrially applicable. Section 27, "Patentable Inventions", shall apply except the reference to inventive step as a condition of protection.

92.2. Sections 49 to 55 shall not apply in the case of applications for registration of a utility model: Provided, That applications for registration shall be published in the IPOPHL Gazette. Within thirty (30) days from publication, third parties may file with the Director of Patents a sworn adverse information citing grounds or information that the utility model is non-registrable. 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 91.

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

92.4. In proceedings under Sections 67 to 70, 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 Section 92.1 and Sections 28, 29, 30 and 33;

(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.

92.5. Any utility model registrant, or anyone possessing any right, title or interest in and to the utility model invention, whose rights have been infringed, may bring a civil action before the appropriate Regional Trial Court, to recover from the infringer such damages sustained thereby, plus attorney's fees and other expenses of litigation, and to secure an injunction for the protection of his or her rights: Provided, That the complaint shall include a registrability report.

SEC. 93. Conversion of Patent Applications or Applications for Utility Model Registration. —

93.1. 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.

93.2. 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.

SEC. 94. *Parallel Applications.* –

94.1. An applicant may file two (2) applications for the same subject, one for utility model registration and the other for the grant of an invention patent, whether simultaneously or consecutively.

94.2. If the utility model application is granted registration, a certificate shall be issued to the applicant, and it shall be protected as a registered utility model. The invention application shall be deemed withdrawn unless the applicant confirms and proceeds with the invention application within fifteen (15) days from the utility model registration.

94.3. If the applicant confirms and proceeds with the invention application, the utility model registration shall be deemed cancelled upon the date of applicant's confirmation to proceed with the patent application.

94.4. There shall be only one protection granted at any given time and in case of infringement, only one cause of action shall be invoked regardless of the presence of two (2) applications.

CHAPTER X LAYOUT-DESIGNS (TOPOGRAPHIES) OF INTEGRATED CIRCUITS

SEC. 95. *Definition of Terms.* –

95.1. An "*Integrated Circuit*" is 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

95.2. A "*Layout-Design*" is synonymous with "*Topography*" and is the three-dimensional disposition, however expressed, of the elements, at least one of which is an active element, and of some or all of the interconnections of an integrated circuit, or such a three-dimensional disposition prepared for an integrated circuit intended for manufacture.

SEC. 96. *Conditions for Protection.* –

96.1. 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.

96.2. 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.

SEC. 97. Contents of the Application. –

97.1. Every application for registration of a layout-design shall contain:

(a) A request for registration of the layout-design;

(b) Information identifying the applicant;

(c) An indication of the kind of article of manufacture or handicraft to which the 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 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 layout-design registration.

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

SEC. 98. Formality Examination. –

98.1. 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 layout-design or a pictorial representation thereof.

98.2. If the application does not meet these requirements, the filing date should be that date when all the elements specified in Section 97 are filed or the mistakes corrected. Otherwise, if the requirements are not complied within the prescribed period, the application shall be considered withdrawn.

98.3. After the conduct of a formality examination and upon full compliance with the prescribed formality requirements, the application for registration shall be published in the IPOPHL Gazette. Within thirty (30) days from the date of publication, 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 layout-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 a layout-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 or applicants may request for a specific time for the Office to publish the application, provided it does not go beyond the allowed deferment period of thirty (30) months.

SEC. 99. Registration. –

99.1. The conditions referred to in Section 96 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 layout-design; otherwise, it shall refuse the application.

The Director may decide whether or not to register the layout-design application based on information or registrability report that the application does not comply with Section 96.

99.2. The form and contents of a layout-design certificate shall be established by the Regulations: Provided, That the name and address of the creator shall be mentioned in every case.

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

99.4. The Office shall record in the register any change in the identity of the proprietor of the layout-design or its 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.

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

SEC. 100. Term of Layout-Design. – 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:

(a) 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 Intellectual Property Office within two (2) years from such date of first commercial exploitation; or

(b) on the filing date accorded to the application for the registration of the layout-design if the layout-design has not been previously exploited commercially anywhere in the world.

SEC. 101. Application of Other Sections and Chapters. –

101.1. The following provisions relating to patents shall apply mutatis mutandis to layout-design of integrated circuits registration:

Section 34 – Right to A Patent;

Section 35 – First to File Rule;

Section 36 – Inventions Created Pursuant to a Commission;

Section 38.1(g) – Appointment of Agent or Representative;

Section 62 – Surrender of Patent;

Section 63 – Correction of Mistakes of Office;

Section 64 – Correction of Mistakes in the Application;

Section 65 – Changes in Patent;

Section 66 – Form and Publication of Amendment;

Chapter VII – Remedies of a Person with a Right to Patent;

Chapter VIII – Rights of Patentees and Infringement of Patents: Provided, That the layout design rights and limitation of layout design rights provided hereunder shall govern;

Part III, Chapter III – Compulsory Licensing; and

Chapter XI – Assignment and Transmission of Rights

101.2. *Rights Conferred to the Owner of a Layout-Design Registration.* – The owner of a layout-design registration shall enjoy the following rights:

(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

(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.

101.3. 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:

(1) Reproduction of the registered layout-design for private purposes or for the sole purpose of evaluation, analysis, research or teaching;

(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;

(3) Where the act is performed in respect of a registered layout-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;

(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

(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.

SEC. 102. *Cancellation of Layout-Design Registration.* – Any interested person may petition that the registration of a layout-design be cancelled on the ground that:

(i) the layout-design is not protectable under this Act;

(ii) the right holder is not entitled to protection under this Act; or

(iii) where the application for registration of the layout-design, was not filed within two (2) years from its first commercial exploitation anywhere in the world.

Where the grounds for cancellation are established with respect only to a part of the layout-design, only the corresponding part of the registration shall be cancelled.

Any cancelled layout-design registration or part thereof, shall be regarded as null and void from the beginning and may be expunged from the records of the IPOPHL. Reference to all cancelled layout-design registration shall be published in the IPOPHL Gazette.

CHAPTER XI

ASSIGNMENT AND TRANSMISSION OF RIGHTS

SEC. 103. *Transmission of Rights.* –

103.1. Patents or applications for patents and invention to which they relate, shall be protected in the same way as the rights of other property under the Civil Code.

103.2. Inventions and any right, title or interest in and to patents and inventions covered thereby, may be assigned or transmitted by inheritance or bequest or may be the subject of a license contract.

SEC. 104. *Assignment of Inventions.* – An assignment may be of the entire right, title or interest in and to the patent and the invention covered thereby, or of an undivided share of the entire patent and invention, in which event the parties become joint owners thereof. An assignment may be limited to a specified territory.

SEC. 105. *Form of Assignment.* – The assignment 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.

SEC. 106. *Recording.* –

106.1. The Office shall record assignments, licenses and other instruments relating to the transmission of any right, title or interest in and to inventions, and patents or application for patents or inventions to which they relate, which are presented in due form to the Office for registration, in books and records kept for the purpose. The original documents together with a signed duplicate thereof shall be filed, and the contents thereof should be kept confidential. If the original is not available, an authenticated copy thereof in duplicate may be filed. Upon recording, the Office shall retain the duplicate, return the original or the authenticated copy to the party who filed the same and notice of the recording shall be published in the IPOPHL Gazette.

106.2. Such instruments shall be void as against any subsequent purchaser or mortgagee for valuable consideration and without notice, unless, it is so recorded in the Office, within three (3) months from the date of said instrument, or prior to the subsequent purchase or mortgage.

SEC. 107. *Rights of Joint Owners.* – If two (2) or more persons jointly own a patent and the invention covered thereby, either by the issuance of the patent in their joint favor or by reason of the assignment of an undivided share in the patent and invention or by reason of the succession in title to such share, each of the joint owners shall be entitled to personally make, use, sell, or import the invention for his own profit: Provided however, That 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.

**PART III
INNOVATION SUPPORT AND LICENSING**

**CHAPTER I
GENERAL PROVISIONS**

SEC. 108. *Definition of Terms.* – As used in Part IIIIV:

108.1. “*Bureau*” means the Bureau of Innovation Support and Business Development;

108.2. “*Commercialization*” as a form of utilization, means 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;

108.3. “*Licensing*” means the act of engaging in 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;

108.4. “*Neutral Country*” means a country other than the Philippines without legal ties to any of the parties to a technology transfer arrangement;

108.5. “*Utilization*” means the use of intellectual property or intellectual property rights, whether or not for commercial use.

SEC. 109. *Supporting Innovation.* – The Bureau shall implement policies and programs to promote and support innovation through, but not limited to the following:

109.1. Capacity building on intellectual property management and commercialization and valuation of intellectual property;

109.2. Assistance to inventors and micro, small, and medium enterprises in getting support for research and development, management, and commercialization of their intellectual property; and

109.3. Establishment of network in research and development institutions, state universities and colleges, other higher educational institutions, technical-vocational institutions, and other relevant public or private institutions.

CHAPTER II VOLUNTARY LICENSING

SEC. 110. *Voluntary License Contract.* – 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, or will substantially prevent, restrict or lessen competition in the market and have adverse effect on trade, all technology transfer arrangements shall comply with the provisions of this Chapter.

SEC. 111. *Jurisdiction to Settle Disputes on Royalties.* – The Director of the Bureau of Innovation Support 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.

SEC. 112. *Prohibited Clauses.* – Except in cases under Section 112 hereof, the following provisions are prohibited from inclusion in Technology Transfer Arrangements:

112.1. Those which impose upon the licensee the obligation to acquire from a specific source capital goods, intermediate products, raw materials, and other technologies, or of permanently employing personnel indicated by the licensor, except if these will be sourced locally when comparable alternatives are locally available and such imposition is essential for maintaining the quality of the products or services produced or rendered under the agreements;

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

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

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

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

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

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

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

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

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

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

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

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

112.14. 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

112.15. Other clauses with equivalent effects, such as those which impose upon the licensee unreasonable post-termination non-compete covenants surviving more than one (1) year after termination of the technology transfer arrangement.

The Bureau's findings and decision on the above is without prejudice to a possible finding by the Philippine Competition Commission (PCC) of anti-competitive acts.

SEC. 113. *Mandatory Provisions.* – The following provisions shall be included in voluntary license contracts:

113.1. That the laws of the Philippines shall govern the interpretation of the same and in the event of litigation, the venue shall be the proper court in the place where the licensee has its principal office;

113.2. Continued access to improvements in techniques and processes related to the technology shall be made available during the period of the technology transfer arrangement;

113.3. In the event the technology transfer arrangement shall provide for arbitration, the venue of arbitration shall be the Philippines or any neutral country; and

113.4. The Philippine taxes on all payments relating to the technology transfer arrangement shall be borne by the licensor.

SEC. 114. *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 himself.

SEC. 115. *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.

SEC. 116. *Exceptional Cases.* – In exceptional or meritorious cases where substantial benefits will accrue to the economy, such as high technology content, increase in foreign exchange earnings, employment generation, regional dispersal of industries and/or substitution with or use of local raw materials, or in the case of Board of Investments, registered companies with pioneer status, exemption from any of the above requirements may be allowed by the Bureau of Innovation Support and Business Development after evaluation thereof on a case by case basis.

SEC. 117. *Non-Registration with the Bureau of Innovation Support and Business Development.* – Technology transfer arrangements that conform with the provisions of Sections 112 and 113 hereof need not be registered with the Bureau of Innovation Support and Business Development.

Non-conformance with any of the provisions of Sections 112 and 113 hereof, however, shall automatically render the technology transfer arrangement unenforceable, unless said technology transfer arrangement is approved and registered with the Bureau of Innovation Support and Business Development under the provisions of Section 115 hereof on exceptional cases.

CHAPTER III COMPULSORY LICENSING

SEC. 118. *Grounds for Compulsory Licensing.* – The Director General of the IPOPHL 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:

118.1. National emergency or other circumstances of extreme urgency;

118.2. 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; or

118.3. 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;

118.4. In case of public non-commercial use of the patent by the patentee, without

satisfactory reason;

118.5. 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.

118.6. When the demand for patented drugs and medicines is not being met to an adequate extent and on reasonable terms, as determined by the Secretary of the Department of Health.

SEC. 119. *Procedures on Issuance of a Special Compulsory License under the TRIPS Agreement.* –

119.1. The Director General of the IPOPHL, 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 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 125.4 and 125.6 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.

119.2. 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.

119.3. 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 Section 73.1 and Section 75 this Act. 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.

SEC. 120. *Requirement to Obtain a License on Reasonable Commercial Terms.* –

120.1. 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.

120.2. The requirement under Section 120.1 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.

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

120.4. 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.

120.5. 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.

SEC. 121. *Compulsory Licensing of Patents Involving Semi-Conductor Technology.* – In the case of compulsory licensing of patents involving semi-conductor 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 anti-competitive.

SEC. 122. *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:

122.1. The invention claimed in the second patent involves an important technical advance of considerable economic significance in relation to the first patent;

122.2. 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;

122.3. The use authorized in respect of the first patent shall be non- assignable except with the assignment of the second patent; and

122.4. The terms and conditions of Sections 120, 121, 123 to 125, of this Act.

SEC. 123. *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.

SEC. 124. Notice of Hearing. –

124.1. Upon filing of a petition, the Director General 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 3338.1(g) hereof, shall be bound to accept service of notice of the filing of the petition within the meaning of this section.

124.2. 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 applicant's expense.

SEC. 125. Terms and Conditions of Compulsory License. – The basic terms and conditions including the rate of royalties of a compulsory license shall be fixed by the Director General subject to the following conditions:

125.1. The scope and duration of such license shall be limited to the purpose for which it was authorized;

125.2. The license shall be non-exclusive;

125.3. The license shall be non-assignable, except with that part of the enterprise or business with which the invention is being exploited;

125.4. 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.

125.5. 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

125.6. 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 anti-competitive practice may be taken into account in fixing the amount of remuneration.

SEC. 126. Amendment, Cancellation, Surrender of Compulsory License. –

126.1. 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.

126.2. 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.

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

126.4. 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.

SEC. 127. *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.

PART IV THE LAW ON TRADEMARKS, SERVICE MARKS AND TRADE NAMES

CHAPTER I GENERAL PROVISIONS

SEC. 128. *Definitions.* – As used in Part V:

128.1. “*Bureau*” means the Bureau of Trademarks;

128.2. “*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;

128.3. “*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 group or associations;

128.4. “*Director*” means the Director of Trademarks;

128.5. “*Examiner*” means the trademark examiner;

128.6. “*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 and may include a stamped or marked container of goods;

128.7. “*Trade name*” means the name or designation identifying or distinguishing an enterprise; and

128.8. “*Regulations*” means the Rules of Practice in Trademarks and Service Marks formulated by the Director of Trademarks and approved by the Director General.

SEC. 129. *How Marks are Acquired.* – The rights in a mark shall be acquired through registration made validly in accordance with the provisions of this law.

SEC. 130. *Registrability.* –

130.1. A mark cannot be registered if it:

(a) Consists of matter which:

(1) Is deceptive or scandalous; or

(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 international intergovernmental 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 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 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 a competent authority of the Philippines to be well-known internationally or in the country following the criteria prescribed in the Regulations, 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 further*, 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 for registration is for a geographical indication either as a collective or certification mark.

(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 well-known mark, as declared by competent authority, whether registered or not; or

(n) Is contrary to public order or public policy.

130.2. For the purpose of declaring a mark well-known as provided in paragraphs (e) and (m) hereof, the Director General, Director of Bureau of Legal Affairs, Director of Bureau of Trademarks and judicial authorities are considered competent authorities in relation to their respective functions or jurisdictions. The Adjudication Officers are also considered competent authorities if the issue of well-known mark is raised before them.

130.3. As regards signs or devices mentioned in paragraphs i, (k), and (l) or those where the shapes of the goods themselves or portion thereof, their packaging, or containers are not necessitated by technical factors or those factors only affect their intrinsic value, 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 three (3) years before the date on which the claim of distinctiveness is made.

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

CHAPTER II APPLICATION

SEC. 131. *Requirements of Application.* –

131.1. 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:
 - (i) 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;
 - (ii) The date on which the earlier application was filed, and
 - (iii) 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 or series marks, 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 his representative.

131.2. To maintain the application or registration of the mark, it must be used on goods or services covered in the registration. 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 (5th) anniversary of the registration;
- (c) One (1) year from date of each renewal; and
- (d) One (1) year from the fifth anniversary of each renewal.

Otherwise, the application shall be refused, or the mark shall be removed from the Register by the Director.

SEC. 132. *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.

SEC. 133. *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.

SEC. 134. *Filing Date.* –

134.1. *Requirements.* – The filing date of an application shall be the date on which the Office received the following indications and elements in English or Filipino:

- (a) An express indication that the registration of a mark is sought;
- (b) The identity of the applicant;
- (c) Contact details of the applicant or his representative, if any;
- (d) A reproduction of the mark to be registered; and
- (e) The list of the goods or services covered by the mark to be registered.

134.2. 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.

SEC. 135. *Single Registration for Goods and/or Services.* – Where goods and/or services belonging to several classes of the Nice Classification have been included in one (1) application, such an application shall result in one registration.

SEC. 136. *Division of Application.* – Any application referring to several goods or services, hereafter referred to as the “initial application,” may be divided by the applicant into two (2) or more applications, hereafter referred to as the “divisional applications,” by distributing among the latter the goods or services referred to in the initial application. The divisional applications shall preserve the filing date of the initial application or the benefit of the right of priority.

SEC. 137. *Signature and Other Means of Self-Identification.* –

137.1. 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, digital, 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.

137.2. 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.

137.3. No attestation, notarization, authentication, legalization or other certification of any signature or other means of self-identification referred to in the preceding paragraphs, shall be required. Where the signature concerns the surrender of a registration, the request must be notarized and if notarized in another country, apostilled.

SEC. 138. *Priority Right.* –

138.1. 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.

138.2. 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 130.1(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.

138.3. 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 III TRADEMARK REGISTRATION

SEC. 139. *Application Number and Filing Date.* –

139.1. 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.

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

SEC. 140. *Examination and Publication.* –

140.1. Once the application meets the filing requirements of Section 134, the Office shall examine whether the application meets the requirements of Section 131 and the mark as defined in Section 128 is registrable under Section 130.

140.2. Where the Office finds that the conditions referred to in Section 140.1 are fulfilled, it shall, upon payment of the prescribed fee, forthwith cause the application, as filed, to be published in the prescribed manner.

140.3. If after the examination, the applicant is not entitled to registration for any reason, the Office shall advise the applicant thereof and the reasons therefor. The applicant shall have a period of four (4) months in which to reply or amend his application, which shall then be re-examined. The Regulations shall determine the procedure for the re-examination or revival of an application as well as the appeal to the Director of Trademarks from any final action by the Examiner.

140.4. An abandoned application may be revived as a pending application within three (3) months from the date of abandonment, upon good cause shown and the payment of the required fee.

140.5. The final decision of refusal of the Director of Trademarks shall be appealable to the Director General in accordance with the procedure fixed by the Regulations.

SEC. 141. *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 to 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.

SEC. 142. *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 oppositors and all other persons having any right, title or interest in the mark covered by the application, as appear of record in the Office.

SEC. 143. *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 prior to the registration thereof and subject to the jurisdiction of the Bureau of Legal Affairs. 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.

SEC. 144. *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.

SEC. 145. *Registration of Mark and Issuance of a Certificate to the Owner or His Assignee.* –

145.1. The Office shall maintain a Register in which shall be registered marks, numbered in the order of their registration, and all transactions in respect of each mark, required to be recorded by virtue of this law.

145.2. The registration of a mark shall include a reproduction of the mark and shall mention: its number; the name and address of the registered owner and, if the registered owner's address is outside the country, his address for service within the country; the dates of application and registration; if priority is claimed, an indication of this fact, and the number, date and country of the application, basis of the priority claims; the list of goods or services in respect of which registration has been granted, with the indication of the corresponding class or classes; and such other data as the Regulations may prescribe from time to time.

145.3. A certificate of registration of a mark may be issued to the assignee of the applicant: Provided, That the assignment is recorded in the Office. In case of a change of ownership, the Office shall at the written request signed by the owner, or his representative, or by the new owner, or his representative and upon a proper showing and the payment of the prescribed fee, issue to such assignee a new certificate of registration of the said mark in the name of such assignee, and for the unexpired part of the original period.

145.4. The Office shall record any change of address, or address for service, which shall be notified to it by the registered owner.

145.5. In the absence of any provision to the contrary in this Act, communications to be made to the registered owner by virtue of this Act shall be sent to him at his last recorded address and, at the same, at his last recorded address for service.

SEC. 146. *Certificates of Registration.* – 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 and those that are related thereto specified in the certificate.

SEC. 147. Publication of Registered Marks: Inspection of Register. –

147.1. The Office shall publish, in the form and within the period fixed by the Regulations, the mark registered, in the order of their registration, reproducing all the particulars referred to in Section 145.2.

147.2 Notwithstanding the provisions of Republic Act No. 10173, otherwise known as the Data Privacy Act of 2012, and in accordance with the provisions of Executive Order No. 2 Series of 2016 entitled Operationalizing in the Executive Branch the People's Constitutional Right to Information and the State Policies to Full Public Disclosure and Transparency in the Public Service and Providing Guidelines Therefor, all official documents pertaining to a registered mark, including the application, prosecution history and declaration of actual use, shall be open to the public for inspection upon request and payment of the prescribed fee.

SEC. 148. 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.

SEC. 149. Sealed and Certified Copies as Evidence. – Copies of any records, books, papers, or drawings belonging to the Office relating to marks, and copies of registrations, when authenticated by the seal of the Office and certified by the Director of the Bureau of Trademarks or in his name by an employee of the Office duly authorized by said Director, 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.

SEC. 150. Correction of Mistakes Made by the Office. – Certificate of trademark registration may be cancelled or corrected in accordance with the Regulations. All certificates of registration 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

SEC. 151. Correction of Mistake in the Trademark Registrations. – Upon request of any interested person and payment of the prescribed fee, the Office is authorized to correct any formal or clerical mistake in trademark registrations not incurred through the fault of the Office.

SEC. 152. Classification of Goods and Services. –

152.1. 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.

152.2 Goods or services that are in the same class are not necessarily similar. On the other hand, goods or services that are in different classes are not necessarily dissimilar.

SEC. 153. *Duration.* – A certificate of registration shall remain in force for ten (10) years from the date of registration.

In case a motion for extension for the period to file an opposition is granted by the Bureau of Legal Affairs but no opposition is filed, the mark is deemed registered the day following the expiration of the publication 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.

SEC. 154. *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.

SEC. 155. *Rights Conferred.* –

155.1. Except in cases of importation of drugs and medicines allowed under Section 78.1 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. In case of the use of an identical sign for identical goods or services, a likelihood of confusion shall be presumed.

There shall be no infringement of trademarks or tradenames of imported or sold patented drugs and medicines allowed under Section 78.1 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 163 of this Code.

155.2. The exclusive right of the owner of a well-known mark defined in Section 130.1(e) which is registered in the Philippines, shall extend to goods and services which are not similar to those in respect of which the mark is registered: Provided, That use of that mark in relation to those goods or services would indicate a connection between those goods or services and the owner of the registered mark; Provided further, That the interests of the owner of the registered mark are likely to be damaged by such use.

SEC. 156. *Lawful Use of Indications by Third Parties.* –

156.1. *Use of Indications of Third Parties for Purposes Other than Use of the Mark; Descriptive Fair Use.* 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.

156.2. *Other Use of the Mark; Nominative Fair Use.* The registered owner of a protectable trademark cannot preclude third parties from nominative use of a registered mark:

Provided, That the following requisites occur:

(a) The goods or service of the third party is not readily identifiable without the use of indication;

(b) That only so much of the registered trademark as is reasonably necessary to identify the product or service is used, and

(c) That such use does not suggest sponsorship, endorsement, or affiliation with the trademark owner.

SEC. 157. Assignment and Transfer of Application and Registration. –

157.1. An application for registration of a mark, or its registration, may be assigned or transferred with or without the transfer of the business using the mark.

157.2. Such assignment or transfer shall, however, be null and void if it is liable to mislead the public, particularly as regards the nature, source, manufacturing process, characteristics, or suitability for their purpose, of the goods or services to which the mark is applied.

157.3. The assignment of the application for registration of a mark, or of its registration, shall be in writing and require the signatures of the contracting parties. Transfers by mergers or other forms of succession may be made by any document supporting such transfer.

157.4. Assignments and transfers of registration of marks shall be recorded at the Office on payment of the prescribed fee: assignment and transfers of applications for registration shall, on payment of the same fee, be provisionally recorded, and the mark, when registered, shall be in the name of the assignee or transferee.

157.5. Assignments and transfers shall have no effect against third parties until they are recorded at the Office.

SEC. 158. License Contracts. –

158.1. 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.

158.2. 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.

SEC. 159. Cancellation of Registration. –

159.1. 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 mark is being used to misrepresent the source of the goods or services on or in connection with which the mark is used;
- (6) 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; 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.

159.2. 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.

SEC. 160. *Non-use of a Mark When Excused.* –

160.1. Non-use of a mark may be excused if caused by circumstances arising independently of the will of the trademark owner. Lack of funds shall not excuse non-use of a mark.

160.2. The use of the mark in a form different from the form in which it is registered, which does not alter its distinctive character, shall not be grounds for cancellation or removal of the mark and shall not diminish the protection granted to the mark.

160.3. The use of a mark in connection with one or more of the goods or services belonging to the class in respect of which the mark is registered shall prevent its cancellation or removal in respect of all other goods or services of the same class.

160.4. The use of a mark by a company related with the registrant or applicant shall insure to the latter's benefit, and such use shall not affect the validity of such mark or of its registration: Provided, That such mark is not used in such manner as to deceive the public. If use of a mark by a person is controlled by the registrant or applicant with respect to the nature and quality of the goods or services, such use shall insure to the benefit of the registrant or applicant.

SEC. 161. *Requirements of Petition; Notice and Hearing.* – Insofar as applicable, the petition for cancellation shall be in the same form as that provided in Section 141 hereof, and notice and hearing shall be as provided in Section 142 hereof.

SEC. 162. *Cancellation of Registration.* – If the Bureau of Legal Affairs finds that a case for cancellation has been made out, it shall order the cancellation of the registration. When the order or judgment becomes final, any right conferred by such registration upon the registrant or any person in interest of record shall terminate. Notice of cancellation shall be published in the IPOPHL Gazette.

CHAPTER IV INFRINGEMENT

SEC. 163. *Infringing Acts.* – The following acts committed without the consent of the owner, shall constitute infringement:

163.1. 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;

163.2. Reproduce, counterfeit, copy or colorably imitate a registered mark or a dominant feature thereof and apply 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: Provided, That the infringement takes place at the moment any of the acts stated in Section 163.1 or this subsection are committed regardless of whether there is actual sale of goods or services using the infringing material.

SEC. 164. *Solidary Liability.* – The following, who for profit or benefit, shall be held solidarily liable for the following acts:

(a) One who permits the use of the latter's premises in selling, offering for sale, manufacturing, or distribution of any infringing, counterfeit or pirated goods or content, unless the latter can prove having no knowledge of such fact and has no participation in the infringing act of the tenants;

(b) When internet service providers, domain name registries and registrars, website owners, online intermediaries, online platforms, social media platforms, or any similar medium is used in selling, offering for sale, use, or making available to the public, any infringing,

counterfeit or pirated goods or content, and the latter fails to exercise due diligence in complying with the minimum requirements set by law or fails to take down or block access to the infringing material or website within a reasonable time, as well as enforce its policy against infringement, counterfeiting or piracy, unless, the former can prove having no knowledge of such fact and has no participation in the infringing act.

SEC. 165. Actions, and Damages and Injunction for Infringement. –

165.1. The owner of a registered mark may recover damages from any person who infringes his rights, and the measure of the damages suffered shall be either the reasonable profit which the complaining party would have made, had the defendant not infringed his rights, or the profit which the defendant actually made out of the infringement, or in the event such measure of damages cannot be readily ascertained with reasonable certainty, then the court may award as damages a reasonable percentage based upon the amount of gross sales of the defendant or the value of the services in connection with which the mark or trade name was used in the infringement of the rights of the complaining party.

165.2. On application of the complainant, the court may impound during the pendency of the action, materials and implements primarily or predominantly used in the act of infringement, sales invoices and other documents evidencing sales.

165.3. In cases where actual intent to mislead the public or to defraud the complainant is shown, in the discretion of the court, the damages may be doubled.

165.4. The complainant, upon proper showing, may also be granted injunction.

SEC. 166. Power of Court to Order Infringing Material Destroyed. –

166.1. In any action arising under this Act, in which a violation of any right of the owner of the registered mark is established, the court may order that goods found to be infringing be, without compensation of any sort, disposed of outside the channels of commerce in such a manner as to avoid any harm caused to the right holder, or destroyed; and all labels, signs, prints, packages, wrappers, receptacles and advertisements in the possession of the defendant, bearing the registered mark or trade name or any reproduction, counterfeit, copy or colorable imitation thereof, all plates, molds, matrices and other means of making the same, shall be delivered up and destroyed.

166.2. 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.

SEC. 167. Damages; Requirement of Notice. – 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.

SEC. 168. Limitations to Actions for Infringement. – Notwithstanding any other provision of this Act, the remedies given to the owner of a right infringed under this Act shall

be limited as follows:

168.1. Notwithstanding the provisions of Section 163 hereof, a registered mark shall have no effect against any person who, in good faith, before the filing date or the priority date, was using the mark for the purposes of his business or enterprise: Provided, That the right may only be used in, or transferred or assigned together with the existing enterprise or business or with that part of the enterprise or business in which the mark is used.

168.2. Where an infringer who is engaged solely in the business of printing the mark or other infringing materials for others is an innocent infringer, the owner of the right infringed shall be entitled as against such infringer only to an injunction against future printing.

168.3. Where the infringement complained of is contained in or is part of paid advertisement in a newspaper, magazine, or other similar periodical or in an electronic communication, the remedies of the owner of the right infringed as against the publisher or distributor of such newspaper, magazine, or other similar periodical or electronic communication shall be limited to an injunction against the presentation of such advertising matter in future issues of such newspapers, magazines, or other similar periodicals or in future transmissions of such electronic communications. The limitations of this subparagraph shall apply only to innocent infringers: Provided, That such injunctive relief shall not be available to the owner of the right infringed with respect to an issue of a newspaper, magazine, or other similar periodical or an electronic communication containing infringing matter where restraining the dissemination of such infringing matter in any particular issue of such periodical or in an electronic communication would delay the delivery of such issue or transmission of such electronic communication is customarily conducted in accordance with the sound business practice, and not due to any method or device adopted to evade this section or to prevent or delay the issuance of an injunction or restraining order with respect to such infringing matter; and

168.4. There shall be no infringement of trademarks or trade names of imported or sold drugs and medicines allowed under Section 78.1 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 as defined under Section 163 of this Code.

SEC. 169. Right of Foreign Corporation to Sue in Trademark or Service Mark Enforcement Action. – Any foreign national or juridical person who meets the requirements of Section 3 of this Act and does not engage in business in the Philippines may bring a civil or administrative action hereunder for opposition, cancellation, infringement, unfair competition, or false designation of origin and false description, whether or not it is licensed to do business in the Philippines under existing laws.

SEC. 170. Authority to Determine Right to Registration. – In any action involving a registered mark, 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.

SEC. 171. *Action for False or Fraudulent Declaration.* – Any person who shall procure registration in the Office of a mark by a false or fraudulent declaration or representation, whether oral or in writing, or by any false means, shall be liable in a civil action by any person injured thereby for any damages sustained in consequence thereof.

SEC. 172. *Jurisdiction of Court.* – All actions under Sections 158, 163, 173, and 175 to 178 shall be brought before the proper courts with appropriate jurisdiction under existing laws.

SEC. 173. *Notice of Filing Suit Given to the Director.* – 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 a mark registered under the provisions of this Act, to notify the Director 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 file wrapper of the said registration or registrations and incorporate the same as a part of the contents of said file wrapper.

CHAPTER V TRADE NAMES OR BUSINESS NAMES; COLLECTIVE MARKS

SEC. 174. *Trade Names or Business Names.* –

174.1. 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.

174.2. (a) 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.

(b) 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.

174.3. The remedies provided for in Sections 161. to 165and Sections 175 and 176 shall apply *mutatis mutandis*.

174.4. 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 157.2 to 157.4 shall apply *mutatis mutandis*.

SEC. 175. *Goods Bearing Infringing Marks or Trade Names.* –

175. 1. *Imported Goods.* Imported goods 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, upon notice and hearing, be seized and disposed of or destroyed. 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.

175.2. *Exported Goods.* Exported goods, or goods intended to be exported, 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, upon notice and hearing, be seized and disposed of or destroyed.

175.3. *Goods in Transit.* Subject to the provisions of the CMTA, the seizure, destruction or disposal of infringing goods provided in Section 166.1 shall include goods in transit and being transshipped within the Philippines.

175.4. *Rules and Regulations.* Subject to the approval of the Secretary of Finance, the Commissioner of Customs is hereby empowered to promulgate rules and regulations in accordance with this Act and the Customs Modernization and Tariffs Act.

SEC. 176. *Collective Marks and Certification Marks.* –

176.1. Subject to Sections 176.2 and 176.3, Sections 129 to 173 and 175 shall apply to collective marks and certification marks, except those references therein to “mark” shall be read as “collective mark” or “certification mark”.

176.2. (a) 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.

(b) 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 Sec. 176.2 (a).

176.3. In addition to the grounds provided in Section 157, 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 176.2 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.

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

SEC. 177. *Unfair Competition, Rights, Regulation and Remedies.* –

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

177.2. Any person who shall employ deception or any other means contrary to good faith by which he shall pass off the goods manufactured by him or in which he deals, or his business, or services 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.

177.3. 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.

177.4. The remedies provided by Sections 165, 166 and 170 shall apply *mutatis mutandis*.

SEC. 178. *False Designations of Origin; False Description or Representation.* –

178.1. 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:

(a) 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

(b) 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 Sections 165 and 166 of this Act by any interested person.

178.2. Any goods marked or labeled in contravention of the provisions of this Section 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.

CHAPTER VI CRIMINAL ACTIONS AND PENALTIES

SEC. 179. *Penalties.* – Independent of the civil and administrative remedies, persons liable for trademark infringement, unfair competition and false designations of origin; false designation or representation shall, upon conviction, be punished, by imprisonment and/or fine, or both, at the discretion of the court, as follows:

(a) 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;

(b) 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;

(c) 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;

(d) In cases of counterfeit goods that threaten life, 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.

CHAPTER VII INDUSTRIAL DESIGN

SEC. 180. *Definition of Terms.* – 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.

SEC. 181. *Conditions for Protection.* –

181.1. Only industrial designs that are new or original shall benefit from protection under this Act.

181.2. 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.

SEC. 182. *Contents of the Application.* –

182.1. Every application for registration of an industrial design shall contain:

(a) A request for registration of the industrial design;

(b) Information identifying the applicant;

(c) An indication of the kind of article of manufacture or handicraft to which the industrial 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 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 registration.

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

SEC. 183. *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 subclass 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.

SEC. 184. *Formality Examination.* –

184.1. 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 a pictorial representation thereof.

184.2. If the application does not meet these requirements, the filing date should be that date when all the elements specified in Section 182 are filed or the mistakes corrected. Otherwise, if the requirements are not complied within the prescribed period, the application shall be considered withdrawn.

184.3. After the conduct of a formality examination and upon full compliance with the prescribed formality requirements, the application for registration shall be published in the IPOPHL Gazette. Within thirty (30) days from the date of publication, third parties may file with the Director of Trademarks 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 or applicants may request for a specific time for the Office to publish the application, provided it does not go beyond the allowed deferment period of thirty (30) months.

SEC. 185. *Registration.* –

185.1. The conditions referred to in Section 182 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; otherwise, it shall refuse the application.

The Director may decide whether or not to register the industrial design application based on information or a registrability report that the application does not comply with Sections 180 and 181.

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

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

185.4. The Office shall record in the register any change in the identity of the proprietor of the industrial design or its 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.

185.5. Anyone may inspect the Register and the files of registered industrial designs including the files of cancellation proceedings.

SEC. 186. *The Term of Industrial Design.* –

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

186.2. 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.

186.3. 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.

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

SEC. 187. Application of Other Sections and Chapters. –

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

Section 29 – Novelty;

Section 30 – Prior art; Provided, That the disclosure is contained in printed documents or in any tangible form;

Section 31 – Non- prejudicial Disclosure;

Section 34 – Right to A Patent;

Section 35 – First to File Rule;

Section 36 – Inventions Created Pursuant to a Commission;

Section 37 – 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 38.1 (g) – Appointment of Agent or Representative

Section 57 – Refusal of the Application;

Sections 62 to 65 – Surrender, Correction of and Changes in Patent;

Chapter VII – Remedies of a Person with a Right to Patent;

Chapter VIII – Rights of Patentees and Infringement of Patents; and

Chapter IX – Assignment and Transmission of Rights

187.2. 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 or her consent, protection under this Chapter cannot be invoked against the injured party.

187.3. Any industrial design registrant, or anyone possessing any right, title or interest in and to the registered industrial design, whose rights have been infringed, may bring a civil action before the appropriate Regional Trial Court, to recover from the infringer such damages

sustained thereby, plus attorney's fees and other expenses of litigation, and to secure an injunction for the protection of his rights: Provided, That the complaint shall include a registrability report.

SEC. 188. *Cancellation of Design Registration.* –

188.1. 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 180 and 181;

(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.

188.2. 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.

SEC. 189. *Industrial Design Infringement.* – The provisions of Section 90.1a shall also apply to criminal action and penalties for industrial design infringement.

PART V COPYRIGHT AND RELATED RIGHTS

CHAPTER I GENERAL PROVISIONS

SEC. 190. *Definitions.* – For the purpose of this Act, the following terms have the following meaning:

190.1. “*Author*” is the natural person who has created the work;

190.2. “*Copyright*” is the bundle of exclusive economic rights and moral rights;

190.3. “*Collective Management Organization*” is any entity engaged in collective management of copyright and related rights subject to the rules and regulations of the Office.

190.4. “*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;

190.5. “*Communication to the public*” or “*communicate to the public*” is 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;

190.6. “*Computer*” is an electronic or similar device having information-processing capabilities;

190.7. “*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;

190.8. “*Orphan works*” are works that are still protected by copyright but whose authors or other right holders are not known or cannot be located.

190.9. “*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;

190.10. “*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 Section 190.5;

190.11. “*Published works*” are 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;

190.12. “*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;

190.13. “*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 207 of this Act;

190.14. “*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;

190.15. “*Right holder*” refers to a person or entity who owns copyright or related rights.

190.16. "*Technological measure*" is 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;

190.17. A "*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;

190.18. A "*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

SEC. 191. *Literary and Artistic Works.* –

191.1. 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. Literary and artistic works 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 private 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) Illustrations, maps, plans, sketches, charts and three-dimensional works relative to geography, topography, architecture or science;
- (j) Drawings or plastic works of a scientific or technical character;
- (k) Photographic works including works produced by a process analogous to photography; lantern slides;

(l) Audiovisual works and cinematographic works and works produced by a process analogous to cinematography or any process for making audio-visual recordings;

(m) Pictorial illustrations and advertisements;

(n) Computer programs and databases; and

(o) Other literary, scholarly, scientific and artistic works.

191.2. 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

SEC. 192. *Derivative Works.* –

192.1. 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.

192.2. The works referred to in paragraphs (a) and (b) of Section 192.1 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.

SEC. 193. *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.

CHAPTER IV WORKS NOT PROTECTED

SEC. 194. *Unprotected Subject Matter.* – Notwithstanding the provisions of Sections 191 and 192, no protection shall extend, under this Act, to any of the following:

194.1. 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;

194.2. News of the day and other miscellaneous facts having the character of mere items of press information; or

194.3. Any official text of a legislative, administrative or legal nature, as well as any official translation thereof.

SEC.195. *Works of the Government.* –

195.1. 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.

195.2. 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.

195.3. 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
ECONOMIC RIGHTS**

SEC. 196. *Economic Rights.* – Subject to the provisions of Chapter VIII, copyright or economic rights shall consist of the exclusive right to carry out, authorize or prevent the following acts:

196.1. Reproduction of the work or substantial portion of the work;

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

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

196.4. 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;

196.5. Public display of the original or a copy of the work;

196.6. Public performance of the work; and

196.7. Other communication to the public of the work.

CHAPTER VI OWNERSHIP OF COPYRIGHT

SEC. 197. *Rules on Copyright Ownership.* – Copyright ownership shall be governed by the following rules:

197.1. 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;

197.2. 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;

197.3. 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.

197.4. 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;

The foregoing notwithstanding, with respect to commissioned photographs, films and paintings intended for private use, the following rights belong to the person who commissioned the work:

(a) distribution/issuance of the work to the public.

(b) exhibition/display of the work in public, and

(c) communication of the work in public.

197.5. 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

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

SEC. 198. *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 his identity.

SEC. 199. *Exploitation of Orphan Works.* –

(1) Where any person, despite his considerable efforts in accordance with the criteria as prescribed by the Bureau of Copyright and Related Rights, could not identify the owner of author's property rights in works being made public (except foreigner's works), or his place of residence and therefore is unable to obtain the authorization of the author for its exploitation, he may exploit the work after obtaining the approval of the Director of the Bureau of Copyright and Related Rights, and depositing a sum of compensation money according to the criteria as determined by the latter.

(2) The person who exploits a work under the provision of paragraph (1) of this section shall indicate the fact that the exploitation is made with the appropriate approval and the date when the same is issued.

(3) Where a work which already obtained the required approval for its exploitation becomes the object of the approval of the same kind at a later time, the procedure of making considerable efforts in accordance with the criteria may be omitted unless the owner of author's property rights lodges an objection in accordance with the prescribe procedures before approval for legal license for the work is granted.

(4) The Bureau shall provide for the regular or periodic publication of the content of all issued licenses.

CHAPTER VII
TRANSFER, ASSIGNMENT AND LICENSING OF COPYRIGHT

SEC. 200. *Rights of Assignee or Licensee.* –

200.1. The copyright may be assigned or licensed in whole or in part. Within the scope of the assignment or license, the assignee or licensee is entitled to all the rights and remedies which the assignor or licensor had with respect to the copyright.

200.2. Copyright or related rights are not deemed assigned or licensed *inter vivos*, in whole or in part, unless there is a written indication of such intention.

However, a collective management organization that is accredited to represent right holders for extended collective licensing may enforce copyrights or related rights without the prior written authorization or assignment of such right holders, subject to the conditions under Section 216.

200.3. The submission of a literary, photographic or artistic work to a newspaper, magazine or periodical for publication shall constitute only a license to make a single publication unless a greater right is expressly granted. If two (2) or more persons jointly own a copyright or any part thereof, neither of the owners shall be entitled to grant licenses without

the prior written consent of the other owner or owners.

200.4. Any exclusivity in the economic rights in a work may be exclusively licensed. Within the scope of the exclusive license, the licensee is entitled to all the rights and remedies which the licensor had with respect to the copyright.

200.5. The copyright owner has the right to regular statements of accounts from the assignee or the licensee with regard to assigned or licensed work.

SEC. 201. *Copyright and Material Object.* – The copyright is distinct from the property in the material object subject to it. Consequently, the transfer, assignment or licensing of the copyright shall not itself constitute a transfer of the material object. Nor shall a transfer or assignment of the sole copy or of one or several copies of the work imply transfer, assignment or licensing of the copyright.

SEC. 202. *Filing of Assignment or License.* – An assignment or exclusive license may be filed with the Bureau of Copyright and Related Rights upon payment of the prescribed fee for registration in books and records kept for the purpose. Upon recording, a copy of the instrument shall be returned to the sender with a notation of the fact of record. Notice of the record shall be published in the IPOPHL Gazette.

SEC 203. *Designation of Collective Management Organizations.* –

203.1. 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, to be otherwise known as a Collective Management Organization.

203.2. *Mandatory Accreditation with the Office.* – For the said collective management organizations to enforce the rights of their members, they shall first secure the necessary accreditation from the Office. Both local and foreign collective management organizations and individuals or entities engaging, directly or indirectly, in any of the activities in Section 203.3 on behalf of more than one right holder are required to apply for accreditation.

Any person may refuse the payment or remittance of royalties to a collective management organization which is not accredited. Any person may also refuse payment or remittance of royalties to a collective management organization for a rights holder if the latter is not a registered member of the collective management organization. In addition, any such organization found functioning as a collective management organization 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 (Php50,000.00) but shall not exceed One million pesos (Php1,000,000).

203.3. *Effect of Accreditation.* – Accreditation shall authorize a local collective management organization to negotiate, grant licenses, collect and distribute royalties, and other remuneration of its members.

SEC. 204. *Extended Collective License.* – Subject to the determination of the Director General, eExtended collective license may also be invoked by users who, within a specified field, have made an agreement on the exploitation of works with an accredited collective management organization comprising a substantial number of authors of a certain type of works

which are used in the Philippines within the specified field. However, this does not apply, if the author has issued a prohibition against use of his work in relation to any of the contracting parties, and where the work is an "orphaned" work as provided in Sec. 199.

SEC. 205. *Limitations to the Retention of Unclaimed Royalties.* – Royalties allocated for right holders who have not expressly authorized the collective management organization to represent them shall only be retained for three (3) years from the date of collection. Any amounts left unclaimed or undistributed after such period shall be turned over to IPOPHL to fund late claims for orphan works and government programs or projects for the copyright and related rights sectors, undertaken or recommended by the Bureau of Copyright and Related Rights.

CHAPTER VIII LIMITATIONS OF COPYRIGHT

SEC. 206. *Limitations on Copyright.* – 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, by the Bureau of Copyright and Related Rights, by the National Library or by educational, scientific or professional institutions where such use is in the public interest and is compatible with fair use;

(i) The public performance or the communication to the public of a work, in a place where no admission fee is charged in respect of such public performance or communication, by a club or institution for charitable or educational purpose only, whose aim is not profit making, subject to such other limitations as may be provided in the Regulations;

(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 visually-impaired 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.

(m) The copyright in a work that is situated, otherwise than temporarily, in a public place, or in premises open to the public, is not infringed by the making of a painting, drawing, engraving or photograph of the work or by the inclusion of the work in a cinematograph film or in a television broadcast.

SEC. 207. Fair Use of a Copyrighted Work. –

207.1. 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.

207.2. 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

SEC. 208. *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.

SEC. 209. *Reproduction for Research and Private Study.* –

209.1. Notwithstanding the provisions of Section 196, and subject to the provisions of Section 209.2, the reproduction, in a single copy, for research or private study, of a work kept in a library, museum or other institution to which the public has access, shall be permitted, without the authorization of the owner of copyright in the work.

Provided, That where the identity of the author of any such work or, in the case of a work of joint authorship, of any of the authors is known to the library, museum or other institution, as the case may be, the above provisions shall apply only if such reproduction is made at a time more than forty (40) years from the date of the death of the author or, in the case of a work of joint authorship, from the death of the last surviving author whose identity is known or, if the identity of more authors than one is known from the death of such of those authors who dies last.

209.2. The permission granted under Subsection 209.1 shall not extend to the reproduction of:

(a) A work of architecture in the form of building or other construction;

(b) A compilation of data and other materials;

(c) A computer program except as provided in Section 211; and

(d) 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.

SEC. 210. *Reprographic and Other Reproductions by Libraries.* –

210.1. Notwithstanding the provisions of Subsection 196.1, 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.

210.2. 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.

210.3 Notwithstanding Section 196.1, a library may create a digital reproduction of a work and lend out the secured digital reproduction to one valid user at a time: *Provided*, That the library shall –

(a) own a legal copy or copies of the work;

(b) maintain a corresponding ratio of legal copies of the work to the copies of the work lent, such that, at any given time, it shall not lend more physical and digital copies than the number of the copies it legally owns; and

(c) use technological measures to ensure that the digital file cannot be copied or redistributed.

SEC. 211. *Reproduction of Computer Program.* –

211.1. Notwithstanding the provisions of Section 196, 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.

211.2. 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.

211.3. This provision shall be without prejudice to the application of Section 200 whenever appropriate.

SEC. 212. Importation and Exportation of Copyrighted Works. –

212.1 Notwithstanding the provision of Subsection 196.6, but subject to the limitation under the Subsection 207.2 and the provisions of Republic Act No. 10863, otherwise known as the Customs Modernization and Tariff Act, the importation or exportation of a copy of a work by an individual for personal purposes shall be permitted without the authorization of the author of, or other owner of copyright in, the work under the following circumstances:

(a) When copies of the work are not available in the Philippines: and

- (i) Not more than one (1) copy at one time is imported for strictly individual use only; or
- (ii) The importation is by authority of and for the use of the Philippine Government; or
- (iii) The importation, consisting of not more than three (3) such copies or likenesses in any one invoice, is not for sale but for the use only of any religious, charitable, or education society or institution duly incorporated or registered, or is for the encouragement of the fine arts, or for any school, college, university or free library in the Philippines.

(b) When such copies form parts of libraries and personal baggage belonging to persons or families arriving from or leaving for foreign countries and are not intended for sale: Provided, That such copies do not exceed three (3).

212.2 Copies imported as allowed by this Section may not lawfully be used in any way to violate the rights of the owner of the copyright or annul or limit the protection secured by this Act, and such unlawful use shall be deemed an infringement and shall be punishable as such without prejudice to the proprietor's right of action.

212.3. *Infringing Works.* – Subject to the provisions of Republic Act No. 10863, infringing works provided in Section 212.2 shall include works for import, for export, in transit or being transshipped within the Philippines.

212.4 *Importation and Exportation of Infringing Materials.* – Subject to the provisions of Republic Act No. 10863, and upon the approval of the Secretary of Finance, the Commissioner of Customs is hereby empowered to promulgate rules and regulations for preventing the importation, exportation or transshipment of infringing articles prohibited under Part IV of this Act and under relevant treaties and conventions to which the Philippines may be a party and, upon notice and hearing, for seizing and condemning and disposing of the same.

CHAPTER IX REGISTRATION AND DEPOSIT

SEC. 213. *Transfer of Powers from National Library and the Supreme Court Library to Bureau of Copyright and Related Rights.* – The powers, duties and functions vested in, or performed and exercised by, the National Library and the Supreme Court Library in connection with the registration of copyrights are hereby transferred to the Bureau of Copyright and Related Rights.

SEC. 214. *Copyright Registration and Deposit.* – At any time during the subsistence of the copyright, the owner/s of the copyright or of any exclusive right in the work may register and deposit the works with the Bureau of Copyright and Related Rights in such manner and form as may be prescribed in accordance with regulations. Such registration and deposit are not a condition of copyright protection.

No award of statutory damages shall be made for any infringement of copyright in an unregistered work.

SEC. 215. *Cancellation of Certificate of Registration and Deposit.* –

215.1. A certificate of registration and deposit shall be cancelled by the Bureau of Copyright and Related Rights by virtue of a final order or decision of the Director of Legal Affairs, or the Director General of the Office, or of the appropriate court, pursuant to which a new certificate may be issued.

215.2. 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.

SEC. 216. *Notice of Copyright.* – Each copy of a work published or offered for sale may contain a notice bearing the name of the copyright owner, and the year of its first publication, and, in copies produced after the creator's death, the year of such death.

CHAPTER X MORAL RIGHTS

SEC. 217. *Scope of Moral Rights.* – The author of a work shall, independently of the economic rights in Section 196 or the grant of an assignment or license with respect to such right, have the following rights:

217.1. *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;

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

217.3. *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

217.4. *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. (Sec. 193, R.A. 8293a)

SEC. 218. *Breach of Contract.* – An author cannot be compelled to perform his 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.

SEC. 219. *Waiver of Moral Rights.* – An author may waive his or her rights mentioned in Section 217 by a written instrument, but no such waiver shall be valid where its effects is to permit another:

219.1. 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

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

SEC. 220. *Non-transferability of Moral Rights.* – Moral rights shall not be assignable or subject to license.

SEC. 221. *Contribution to Collective Work.* – When an author contributes to a collective work, his or her right to have his contribution attributed to him or her is deemed waived unless he expressly reserves it.

SEC. 222. *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 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.

SEC. 223. *Term of Moral Rights.* –

223.1. The rights of an author under Section 217.1. shall last in perpetuity while the rights under Sections 217.2, 217.3, and 217.4. shall be coterminous with the economic rights, the moral rights shall not be assignable or subject to license. 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 Bureau of Copyrights and Related Rights.

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 Bureau of Copyrights and Related Rights.

223.2. For purposes of this Section, "Person" shall mean any individual, partnership, corporation, association, or society. The Director of the Bureau of Copyrights and Related

Rights may prescribe reasonable fees to be charged for his services in the application of provisions of this Section.

SEC. 224. *Enforcement Remedies.* – 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. 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 XI

RIGHTS TO PROCEED IN SUBSEQUENT TRANSFERS

SEC. 225. *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.

225.1. *Liability to Pay Resale Royalty.* – Payment of resale royalty shall be made by the seller to the author or his heirs, within sixty (60) days from the date of sale or lease of the work.

225.2. For purposes of monitoring the implementation of this particular provision, there is hereby created a National Registry of Qualified Works to be maintained by the Bureau of Copyright and Related Rights. This registry shall provide the means for the enrollment and registration of works qualified for the application of resale right. It shall also serve as the repository of information on the author or his heirs, for purposes of remittance of the resale royalty. Auction houses, art galleries, art salerooms, or any dealers of works of art are required to report compliance with payment of the resale royalty to the Bureau of Copyright and Related with regularity and in such periods as may be provided under regulations to be issued for this purpose.

SEC. 226. *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 XII

RIGHTS OF PERFORMERS, PRODUCERS OF SOUND RECORDINGS AND BROADCASTING ORGANIZATIONS

SEC. 227. *Definitions.* – For the purpose of this Act, the following terms shall have the following meanings:

227.1. “*Performers*” are actors, singers, musicians, dancers, and other persons who act, sing, declaim, play in, interpret, or otherwise perform literary and artistic work;

227.2. “*Sound recording*” is 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;

227.3. An “*audiovisual work*” 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;

227.4. “*Fixation*” is the embodiment of sounds, or of moving images, or of the representations thereof, from which they can be perceived, reproduced or communicated through a device;

227.5. “*Producer of a sound recording*” is 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;

227.6. “*Publication of a fixed performance or a sound recording*” is 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;

227.7. “*Broadcasting*” is the transmission by wireless means for the public reception of sounds or of images or of 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;

227.8. “*Broadcasting organization*” is a natural person or a juridical entity duly authorized to engage in broadcasting; and

227.9. “*Communication to the public of a performance or a sound recording*” is the transmission to the public, by any medium, otherwise than by broadcasting, of an unfixed performance, or of a performance fixed in an audiovisual fixation, or of the representation of sounds fixed in a sound recording.

For purposes of Section 231, “*communication to the public*” includes the making of a performance fixed in an audiovisual fixation audible and visible to the public.

For purposes of Section 234, “*communication to the public*” includes making the sounds or representations if sounds fixed in a phonogram audible to the public.

227.10. “*Rebroadcasting*” is the simultaneous broadcasting by one broadcasting organization of the broadcast of another broadcasting organization;

CHAPTER XIII PERFORMERS

SEC. 228. *Scope of Performers' Rights.* – Subject to the provisions of Section 237, performers shall enjoy the following exclusive rights:

228.1. 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.

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

228.3. 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 of other forms of transfer of ownership.

228.4. 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

228.5. 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.

SEC. 229. *Moral Rights of Performers.* –

229.1. *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 his 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 his performances that would be prejudicial to the person's his reputation.

229.2. *Term of Protection.* – The rights granted to a performer in accordance with Subsection 229.1 shall last in perpetuity. 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 Bureau of Copyright and Related Rights.

In default of such person or persons, such enforcement shall devolve upon either the author's heirs, and in default of the heirs, the Bureau of Copyright and Related Rights.

SEC. 230. *Limitation on Right.* – Subject to the provisions of Section 2310, once the performer has authorized the broadcasting or fixation of his performance, the provisions of Section 228 shall have no further application.

SEC. 231. *Additional Remuneration for Subsequent Communications or Broadcasts.* – Performers shall have an inalienable right to participate in the gross proceeds of subsequent commercial use or communication to the public of his performance, to the extent of five percent (5%), as additional remuneration.

SEC. 232. *Contract Terms.* – Nothing in this Chapter shall be construed to deprive performers of the right to agree by contracts, including collectively-bargained contracts and contracts which contemplate all future uses of the work, on terms and conditions more favorable for them in respect of any use of their performance.

CHAPTER XIV PRODUCERS OF SOUND RECORDINGS

SEC. 233. *Scope of Right.* – Subject to the provisions of Section 237, producers of sound recordings shall enjoy the following exclusive rights:

233.1. 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;

233.2. 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; and

233.3. 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.

233.4. 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.

SEC. 234. *Communication to the Public.* – If a sound recording published for commercial purposes, or a reproduction of such sound recording, is used directly for broadcasting or for other communication to the public, or is publicly performed with the intention of making and enhancing profit, a single equitable remuneration for the performer or performers, and the producer of the sound recording shall be paid by the user to both the performers and the producer, who, in the absence of any agreement shall share equally.

SEC. 235. *Limitation of Right.* – Sections 206 and 207 shall apply mutatis mutandis to the producer of sound recordings.

CHAPTER XV BROADCASTING ORGANIZATIONS

SEC. 236. *Scope of Right.* – Subject to the provisions of Section 237, broadcasting organizations shall enjoy the exclusive right to carry out, authorize or prevent any of the following acts:

236.1. The rebroadcasting of their broadcasts;

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

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

CHAPTER XVI LIMITATIONS ON PROTECTION

SEC. 237. *Limitations on Rights.* – The provisions of Chapter VIII shall apply mutatis mutandis to the rights of performers, producers of sound recordings and broadcasting organizations.

CHAPTER XVII TERM OF PROTECTION

SEC. 238. *Term of Protection.* –

238.1. Subject to the provisions of Subsections 238.2 to 238.5, the copyright in works under Sections 191 and 192 shall be protected during the life of the author and for fifty (50) years after his death. This rule also applies to posthumous works.

238.2. 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.

238.3. 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 238.1 and 238.2 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.

238.4. In case of works of applied art the protection shall be for a period of twenty-five (25) years from the date of making.

238.5. 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.

238.6. 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.

SEC. 239. *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.

SEC. 240. *Term of Protection for Performers, Producers and Broadcasting Organizations.* –

240.1. 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 sound and images recordings and for performances incorporated therein, fifty (50) years from the end of the year in which the recording took place.

240.2. 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.

CHAPTER XVIII INFRINGEMENT

SEC. 241. *Infringement.* – Any person infringes a right protected under this Act when one:

(a) Directly commits an infringement;

(b) Benefits from the infringing activity of another person who commits an infringement if the person benefiting has been given notice of the infringing activity and has the right and ability to control the activities of the other person;

(c) With knowledge of infringing activity, induces, causes or materially contributes to the infringing conduct of another.

241.1 *Remedies for Infringement.* – Any person infringing a right protected under this law shall be liable:

(a) To an injunction restraining such infringement. The court may also order the defendant to desist from an infringement, among others, to prevent the entry into the channels of commerce of imported goods that involve an infringement, immediately after customs clearance of such goods.

(b) To pay to the copyright proprietor or his assigns or heirs such actual damages, including legal costs and other expenses, as he may have incurred due to the infringement as well as the profits the infringer may have made due to such infringement, 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 which he claims, or, in lieu of actual damages and profits, such damages which to the court shall appear to be just and shall not be regarded as penalty: Provided, That the amount of damages to be awarded 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.

(c) Deliver under oath, for impounding 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 a copyright and implements for making them.

(d) Deliver under oath for destruction without any compensation all infringing copies or devices, as well as all plates, molds, or other means for making such infringing copies as the court may order.

(e) Such other terms and conditions, including the payment of moral and exemplary damages, which the court may deem proper, wise and equitable and the destruction of infringing copies of the work even in the event of acquittal in a criminal case.

The copyright owner may elect, at any time before final judgment is rendered, to recover instead of actual damages and profits, an award of statutory damages for all infringements involved in an action in a sum equivalent to the filing fee of the infringement action but not less than Fifty thousand pesos (Php50,000.00). In awarding statutory damages, the court may consider the following factors:

(1) The nature and purpose of the infringing act;

(2) The flagrancy of the infringement;

(3) Whether the defendant acted in bad faith;

(4) The need for deterrence;

(5) Any loss that the plaintiff has suffered or is likely to suffer by reason of the infringement; and

(6) Any benefit shown to have accrued to the defendant by reason of the infringement.

In case the infringer was not aware and had no reason to believe that his acts constitute an infringement of copyright, the court in its discretion may reduce the award of statutory damages to a sum of not more than Ten thousand pesos (Php10,000.00); *Provided*, That the amount of damages to be awarded 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.

241.2. In an infringement action, the court shall also have the power to order the seizure and impounding of any article which may serve as evidence in the court proceedings, in accordance with the rules on search and seizure involving violations of intellectual property rights issued by the Supreme Court.

The foregoing shall not preclude an independent suit for relief by the injured party by way of damages, injunction, accounts or otherwise.

SEC. 242. *Criminal Penalties.* –

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

(a) 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.

(b) 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.

(c) 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.

(d) In all cases, subsidiary imprisonment in cases of insolvency.

242.2. 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 copyright owner has suffered by reason of the infringement: Provided, That the respective maximum penalty stated in Section 242.1. (a), (b) and (c) herein for the first, second, third and subsequent offense, shall be imposed when the infringement is committed by:

(a) The circumvention of effective technological measures;

(b) 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

(c) 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.

242.3. Any person who at the time when copyright subsists in a work has in his possession an article which he knows, or ought to know, to be an infringing copy of the work for the purpose of:

(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.

SEC. 243. *Affidavit Evidence.* –

243.1. In an action under this Chapter, an affidavit made before a notary public by or on behalf of the owner of the copyright in any work or other subject matter and stating that:

(a) At the time specified therein, copyright subsisted in the work or other subject matter;

(b) He or the person named therein is the owner of the copyright; and

(c) The copy of the work or other subject matter annexed thereto is a true copy thereof.

The affidavit shall be admitted in evidence in any proceedings under this Chapter and shall be prima facie proof of the matters therein stated until the contrary is proved, and the court before which such affidavit is produced shall assume that the affidavit was made by or on behalf of the owner of the copyright.

243.2. In an action under this Chapter:

(a) Copyright shall be presumed to subsist in the work or other subject matter to which the action relates if the defendant does not put in issue the question whether copyright subsists in the work or other subject matter; and

(b) Where the subsistence of the copyright is established, the plaintiff shall be presumed to be the owner of the copyright if he claims to be the owner of the copyright and the defendant does not put in issue the question of his ownership.

(c) Where the defendant, without good faith, puts in issue the questions of whether copyright subsists in a work or other subject matter to which the action relates, or the ownership of copyright in such work or subject matter, thereby occasioning unnecessary costs or delay in the proceedings, the court may direct that any costs to the defendant in respect of the action shall not be allowed by him and that any costs occasioned by the defendant to other parties shall be paid by him to such other parties.

SEC. 244. *Presumption of Authorship.* –

244.1. 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.

244.2. 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.

SEC. 245. *International Registration of Works.* – A statement concerning a work, recorded in an international register in accordance with an international treaty to which the

Philippines is or may become a party, shall be construed as true until the contrary is proved except:

245.1. Where the statement cannot be valid under this Act or any other law concerning intellectual property.

245.2. Where the statement is contradicted by another statement recorded in the international register.

SEC. 246 *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 copyright in question or his authorized agent of the seizure or detention, as the case may be.

CHAPTER XIX SCOPE OF APPLICATION

SEC. 247. *Points of Attachment for Works under Sections 191 and 192.* –

247.1. The protection afforded by this Act to copyrightable works under Sections 191 and 192 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.

247.2. 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.

SEC. 248. *Points of Attachment for Performers.* – The provisions of this Act shall be extended to:

248.1. Performers who are nationals of the Philippines;

248.2. 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 are carried by broadcast qualifying for protection under this Act.

SEC. 249. *Points of Attachment for Sound Recordings.* – The provisions of this Act on the protection of sound recordings shall apply to:

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

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

SEC. 250. *Points of Attachment for Broadcasts.* –

250.1. The provisions of this Act on the protection of broadcasts shall apply to:

(a) Broadcasts of broadcasting organizations the headquarters of which are situated in the Philippines; and

(b) Broadcasts transmitted from transmitters situated in the Philippines.

250.2. 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.

CHAPTER XX INSTITUTION OF ACTIONS

SEC. 251. *Jurisdiction.* – Civil or administrative actions under Part VII of this Act shall be cognizable by the Regional Trial Courts or by the Office and other administrative agencies with appropriate jurisdiction under existing laws.

SEC. 252. *Damages.* – No damages may be recovered under this Act after the lapse of four (4) years from the time the cause of action arose.

CHAPTER XXI MISCELLANEOUS PROVISIONS

SEC. 253. *Ownership of Deposit and Instruments.* – All copies deposited and instruments in writing filed with the Bureau of Copyright and Related Rights and in accordance with the provisions of this Act shall become the property of the Government.

SEC. 254. *Public Records.* – The section or division of the Bureau of Copyright and Related Rights 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 Bureau Director is empowered to issue such safeguards and regulations as may be necessary to implement this Section.

SEC. 255. *Compulsory License on Copyright.* – 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 and as may be prescribed by the Regulations.

PART VI FINAL PROVISIONS

SEC. 256. *Adoption of Intellectual Property (IP) Policies.* – Schools, universities, research and development institutions and public entities shall adopt intellectual property policies and programs that would govern the use and creation of intellectual property with the purpose of safeguarding the intellectual creations of the learning institution and its employees, and adopting locally-established industry practice fair use guidelines. 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.

SEC. 257. *Equitable Principles to Govern Proceedings.* – In all inter-parties proceedings in the Office under this Act, the equitable principles of laches, estoppel, and acquiescence where applicable, may be considered and applied.

SEC. 258. *Revocation of Business Permit, License, or Authority.* – Any person, natural or juridical who refuses or fails to comply with the decision or order of the Director General or of any Bureau or Office of the Intellectual Property Office of the Philippines, the appropriate agency including local government units, upon recommendation of the Office, may cancel, revoke, or suspend any business permit, license and/or authority.

SEC. 259. *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.

SEC. 260. *Appeals.* –

260.1. Appeals from decisions of Regional Trial Courts shall be governed by the Rules of Court. Unless restrained by a higher court, the judgment of the Regional Trial Court shall be executory even pending appeal under such terms and conditions as the court may prescribe.

260.2. Unless expressly provided in this Act or other statutes, appeals from decisions of administrative officials shall be provided in the Regulations.

SEC. 261. *Applications Pending on Effective Date of Act.* –

261.1. All applications for patents pending in the former 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 provisions of this Act, unless the applicants elect to prosecute said applications in accordance with the Acts under which they were filed.

261.2. All applications for registration of marks or trade names pending in the former Bureau of Patents, Trademarks and Technology Transfer at the effective date of this Act may be amended, if practicable to bring them under the provisions of this Act. The prosecution of such applications so amended, and the grant of registrations thereon shall be proceeded with in accordance with the provisions of this Act. If such amendments are not made, the prosecution of said applications shall be proceeded with and registrations thereon granted in accordance with the Acts under which said applications were filed, and said Acts hereby continued in force to this extent for this purpose only, notwithstanding the foregoing general repeal thereof.

SEC. 262. *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.

SEC. 263. *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.

SEC. 264. *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.

The Bureau of Innovation Support and Business Development shall create immediately and maintain an updated digital registry of all works, inventions, industrial and lay-out designs in the public domain. The public shall have access to the registry subject to the payment of reasonable fees.

SEC. 265. *Separability.* – If any portion or provision of this Act is subsequently declared invalid or unconstitutional, other provisions hereof which are not affected thereby shall remain in full force and effect.

SEC. 266. *Repealing Clause.* –

266.1. All Acts and parts of Acts inconsistent herewith, more particularly 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.

266.2. Republic Act No. 8293, otherwise known as the "Intellectual Property Code of the Philippines", as amended by Republic Act No. 9150, Republic Act No. 9502 and Republic Act No. 10372, is hereby amended accordingly.

SEC. 267. *Effectivity*. – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,

Approved,