

Advisory Committee on Enforcement

Eleventh Session
Geneva, September 5 to 7, 2016

ENFORCEMENT FUNCTIONS OF NATIONAL INTELLECTUAL PROPERTY OFFICES

Contributions prepared by China, Colombia, Paraguay, and the Philippines

1. At the tenth session of the Advisory Committee on Enforcement (ACE), one of the topics that the Committee agreed to consider at its eleventh session was the “Exchange of information on national experiences relating to institutional arrangements concerning intellectual property (IP) enforcement policies and regimes, including mechanism to resolve IP disputes in a balanced, holistic and effective manner”. This document introduces the contributions of four Member States that address the powers of their national IP Offices in enforcing IP rights. Within the respective national legislative frameworks, these powers range from the facilitation of mediation and the carrying out of controls and seizures to the exercise of judicial competences.

2. The contributions prepared on behalf of the Member States are in the following order:

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INTELLECTUAL PROPERTY PROTECTION AND ENFORCEMENT IN CHINA

*Contribution prepared by the State Intellectual Property Office of the People's Republic of China, Beijing, China**

ABSTRACT

This document introduces the particular characteristics of the Chinese intellectual property (IP) protection system, which features dual protection by means of administrative and judicial measures, supplemented by arbitration and mediation. It also discusses the relationship between IP enforcement in China and the relevant international rules and initiatives. Through the above mechanisms, the enforcement and protection of IP rights (IPRs) in China has achieved remarkable results and created a favorable environment for IP.

I. IP ENFORCEMENT IN CHINA

1. The Chinese Government attaches great importance to the protection of IPRs. At present, China has established an intellectual property (IP) protection system that has particular characteristics and conforms to international rules. As the system provides for protection through both administrative and judicial measures, it makes use of the advantages of each of the two types of mechanisms while linking them in an organic way. In addition, the system is supplemented by approaches such as arbitration and mediation.

A. JUDICIAL PROTECTION

2. The duties of all of China's judicial authorities in the protection of intellectual property rights (IPRs) are set out under the law. The People's Courts fully exercise their functions in civil and criminal trials to apply appropriate sanctions against IP infringements. Thereby, they actively support the administrative departments in complying with their legally defined duties to safeguard the legitimate interests of IPR holders. Procuratorates, the prosecution and investigation entities in China, are actively involved in investigating IP crime. The public security organs implement strong measures to combat all kinds of criminal networks deriving profits from the unauthorized use of IPRs.

B. ADMINISTRATIVE PROTECTION

3. At all levels, China's administration makes great efforts to fight IP infringement and passing off¹ affecting the public interest and major projects and to expedite the settlement of IP disputes, with a view to safeguarding the legitimate interests of IPR holders and the general public. The State Intellectual Property Office (SIPO) and local IP Offices work together to

* The views expressed in this document are those of the author and not necessarily those of the Secretariat or of the Member States of WIPO.

¹ Acts of passing off include, among others, the affixing of an indication of patent protection on a product that has not been granted a patent or on its packaging, the affixing of such an indication on a product or on its packaging after invalidation or expiry of the patent, or the affixing of a third party's patent number, without authorization, on a product or on its packaging.

protect patents. In these efforts, the former develops enforcement policies and guides enforcement activities, while the latter are responsible for their implementation. Over the years, the IP Offices have vigorously promoted the institutional, systematic and capacity-related development of the administrative system of patent enforcement. This system has the advantage that it provides for simple procedures through which patent infringements can be investigated expeditiously.

C. THE CONNECTION BETWEEN ADMINISTRATIVE AND JUDICIAL PROTECTION

a) Application for Compulsory Enforcement

4. Once administrative IP enforcement departments establish an infringement, they may order the infringers to immediately cease their infringing acts. Where the parties are dissatisfied with such an order, they can initiate judicial proceedings with the People's Courts. Should the alleged infringer fail to do so within the applicable time limits and continue with the infringing acts, the administrative IP enforcement departments can apply to the People's Courts for a compulsory enforcement order.

b) Mediation as Part of Judicial Proceedings

5. Before or during judicial proceedings, the People's Court may direct administrative IP enforcement departments to facilitate the mediation of an IP dispute. Once the mediation is concluded, the administrative IP enforcement departments shall notify the results to the People's Court. Where the parties reach a mediation agreement, there are two possible outcomes: they may withdraw their law suit and ask for the settlement agreement to be judicially confirmed², or they may ask the People's Court to review the mediation agreement and prepare a mediation decision³. Where the parties do not agree to mediate or fail to reach an agreement within the agreed or designated time limits, the case will proceed in the People's Court for trial within the time limits specified by law.

II. INTELLECTUAL PROPERTY ENFORCEMENT IN CHINA AND RELEVANT INTERNATIONAL RULES

A. THE TRIPS AGREEMENT

6. China's IP enforcement mechanisms comply with the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), which provides for a variety of remedies for IP infringements.

B. STRONG ADMINISTRATIVE IP ENFORCEMENT AS A COMMON CHOICE IN MANY COUNTRIES

7. It is a common focus of many countries to strengthen administrative enforcement and protection mechanisms. Administrative remedies for patent infringements are prescribed in the

² This is an administrative procedure.

³ This is a judicial procedure.

United Kingdom, the United States of America and Mexico. It is also common for national and regional customs authorities to have the power to provide injunctive relief. Some national and regional customs authorities are also entitled to track IP infringing goods in commodity distribution centers outside customs⁴. In France, Germany, Japan and the Republic of Korea, criminal liability is foreseen for patent infringements. For these criminal remedies, there is no minimum threshold and the sanctions involved can be severe.

C. THE LEGAL OBLIGATION ON GOVERNMENTS TO PROTECT PROPERTY RIGHTS, INCLUDING PATENT RIGHTS

8. All national governments are required to protect property rights, including patent rights, in accordance with international law. The function of the patent system is to provide effective protection for patent rights in exchange for the disclosure of patent information. The provision of effective mechanism to enforce patent rights, a responsibility that may be fulfilled in different ways, is therefore a question related to a Government's credibility and essential for the functioning of the patent system.

III. MAJOR MEASURES OF JUDICIAL IP PROTECTION

9. The establishment of specialized IP courts in the major cities of Beijing, Shanghai and Guangzhou has improved the efficiency of IP trials. It has also facilitated "three-in-one" trials that address civil, administrative and criminal IP measures. The introduction of IP courts has increased judges' ability to identify and address the need for technical expertise and has resulted in more avenues for the settlement of disputes in IP matters. It has also resulted in improvements in the formulation of judicial interpretations and judicial policies. Enhanced efforts are made to guide, manage and supervise trials with a view to regulating IP decisions and building a management model suited to the characteristics of IP trial work. The publication of IP decisions additionally improved justice through transparency and helps to maintain an environment in which IPRs are protected by the judiciary. The quality of trial work and the judicial capacity and competence of the trial teams have been strengthened through the provision of both professional training for judges and training aimed at enhancing scientific and technical knowledge.

IV. MAJOR MEASURES OF THE ADMINISTRATIVE ENFORCEMENT AND PROTECTION OF IPRS IN CHINA

A. RULES AND REGULATIONS FOR ADMINISTRATIVE IP ENFORCEMENT

10. Improvements have been made to the rules and regulations governing administrative IP enforcement. A revision of China's Patent Law and its Implementing Regulations is also actively being pursued. Furthermore, modifications to the practical guidelines for administrative patent enforcement have been finalized and stricter policies and measures for IP protection have been put in place. Enhancements to the regulation of enforcement and case management have also been made to better deter IP infringement.

⁴ An example would be Hong Kong SAR: even if goods have passed the custom procedure and reached a distribution center in the territory of Hong Kong SAR (such as a wholesale market), the customs authorities still have the power to track the goods.

B. VARIOUS TYPES OF ADMINISTRATIVE IP ENFORCEMENT MECHANISMS

11. Administrative IP enforcement measures have been ameliorated and innovative mechanisms are being introduced to fully exploit the benefits of administrative IP enforcement. As such, an advisory mechanism for the determination of IPR infringement, an expedited mediation mechanism for IP disputes, and an IP enforcement and protection mechanism for e-commerce have been established, in addition to cross-regional and cross-sectoral IP enforcement coordination.

C. CAPACITY BUILDING IN THE AREA OF ADMINISTRATIVE IP ENFORCEMENT

12. The capacity for administrative IP enforcement has been enhanced through expanded and intensified training and discussions of relevant case law. Likewise, the capacity and competence of investigators has been strengthened. The use of information technology for enforcement and protection has contributed to building a specialized, professional, standardized and information-based IP enforcement team.

D. INTENSIFIED ADMINISTRATIVE IP ENFORCEMENT EFFORTS

13. Examples of practical administrative IP enforcement operations include the “Convoy” special action to enforce and protect IPRs and the “Lightening” special action in the e-commerce area. These forceful measures against IP infringement affecting the public interest and major projects aim to safeguard the legitimate interests of right holders and the general public and to create a fair and orderly market environment.

E. THE PUBLICATION OF ADMINISTRATIVE IP CASES

14. Information on cases is published to provide an effective deterrent to patent infringement and passing off. As specified by law, this includes decisions on cases involving administrative punishment for passing off in the area of patents, and information of patent infringement cases. A social credit framework has been established for the IP system in an orderly manner to enable the prompt sharing of information across sectors⁵. The objective is to create a culture of ethical behavior through an effective system of credit reporting, so as to bring more social actors into conformity with good faith practices and thus improve the overall level of the society in this regard.

F. A NETWORK FOR REPORTING IP INFRINGEMENTS AND FILING COMPLAINTS

15. Moreover, a network has been established for the reporting of IP infringements and for filing related complaints. 76 IPR assistance centers have been created to handle complaints and offence reporting and 12 enforcement centers have been set up. A nationwide “12330” hotline has been implemented and a website has been launched to receive complaints from the public through phone, Internet and in writing so as to allow for the quick transfer of case information to the relevant administrative IP enforcement department.

⁵ The social credit framework is a system in which acts of patent infringement or passing off committed by an individual or an enterprise are recorded, in a way similar to the recording of credit card overdrafts in bad faith or defaults on bank loans. The information would be shared among relevant actors, including banks, which would affect the individual or the enterprise negatively, for example when applying for a loan.

V. CONCLUSION

16. SIPO has made vigorous efforts in recent years to promote the institutional development of IP enforcement mechanisms and capacity building. Through such mechanisms, China has been able to achieve good results in IP enforcement and to forcefully counter IP infringements. In the future, SIPO will continue to strengthen the protection of IP by actively building a working pattern for greater IP protection, drafting stringent policies and measures for IP protection, and focusing on solving problems of IP protection in key areas. Through a sound IP enforcement system, right holder confidence in the Government's efforts to enforce IPRs will be enhanced, there will be greater awareness of IP protection among all sectors of society, the creation and utilization of IPRs will be safeguarded, and a favorable market environment for IPRs will be fostered.

THE JUDICIAL POWERS OF THE SUPERINTENDENCY OF INDUSTRY AND COMMERCE AND THE NATIONAL DIRECTORATE OF COPYRIGHT OF COLOMBIA IN THE AREA OF INTELLECTUAL PROPERTY

Contribution prepared by Mr. Fidel Puentes Silva, Deputy Superintendent for Judicial Affairs, Superintendency of Industry and Commerce (SIC), Bogota, Colombia

ABSTRACT

Even though there is a separation of powers into three distinct branches in Colombia, the legislator decided to grant judicial powers to a number of administrative bodies, which has resulted in enhanced intellectual property protection. These bodies include the Superintendency of Industry and Commerce (SIC), which was given judicial power to resolve issues of unfair competition and infringements of industrial property rights, and the National Directorate of Copyright (DNDA), which deals with cases concerning copyright and related rights. Since then, the aforementioned bodies have administered justice in these specific areas, thereby helping strengthen the system of justice through prompt and specialized responses.

I. EXCEPTIONAL JUDICIAL POWERS¹

1. Under Article 113 of the Constitution of Colombia, state authority is divided among the legislature, the executive and the judiciary. Accordingly, the separation of powers in Colombia comprises three different branches, each having well-defined and clearly distinguishable functions.
2. Nevertheless, in 1998 the Colombian legislator decided to grant certain judicial powers to authorities within the executive branch, in view of the specialization of certain bodies and the backlog in the system of justice that was causing delays in the settlement of disputes submitted by citizens.
3. Law No. 446 of 1998 thus granted judicial powers to the Superintendency of Finance, the Superintendency of Securities, the Superintendency of Companies and the Superintendency of Industry and Commerce (SIC).² For the purposes of this paper, we will refer only to the judicial powers assigned to the SIC and to those subsequently granted to the National Directorate of Copyright (DNDA).
4. At that time, the SIC was only empowered to deal with two subject areas: acts of unfair competition³ and the protection of consumer rights.

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¹ On this subject, see Judgment C – 1641 of 2000, MP. Alejandro Martínez Caballero, available at: <http://corteconstitucional.gov.co/relatoria/2000/C-1641-00.htm>.

² Law No. 446 of 1998 approving certain provisions of Decree No. 2651 of 1991, amending certain provisions of the Code of Civil Procedure, repealing other provisions of Law No. 23 of 1991 and of Decree No. 2279 of 1989, amending and issuing provisions of the Code of Administrative Disputes and issuing other provisions on decongestion, efficiency and access to justice. Available at: <http://www.wipo.int/wipolex/en/details.jsp?id=14818>.

³ We refer to powers relating to unfair competition since these are a useful mechanism for indirectly protecting industrial property.

5. Subsequently, in 2012, the Colombian legislator issued the Code of General Procedure (Law No. 1564 of 2012), which was new procedural legislation that again included judicial powers of the SIC but this time extended the scope to these powers to include action against infringements of industrial property rights and also assigned judicial functions to the DNDA.⁴

6. The Code of General Procedure includes the following provisions:

“Article 24: Exercise of judicial powers by administrative authorities

The administrative authorities referred to by this Article shall exercise judicial powers as follows:

1. The Superintendency of Industry and Commerce in cases concerning:

(...)

b) Infringements of provisions relating to unfair competition.

(...)

3. The national authorities responsible for intellectual property matters:

a) The Superintendency of Industry and Commerce in cases concerning infringements of industrial property rights.

b) The National Directorate of Copyright in cases concerning copyright and related rights”.

7. Since 2012, the SIC and the DNDA have therefore exercised not only the powers granted through Law No. 446 of 1998 but also those dealing with industrial property right infringements and copyright and related rights issues.

8. It is important to note that these powers were not granted arbitrarily by the legislator; its decision is consistent with the different functions performed historically by the bodies concerned. Indeed, the SIC was (and still is) the sole authority for competition matters and the national office for the registration of industrial property. The DNDA, for its part, was responsible for administering the national copyright registry. These were sufficient grounds for granting judicial functions limited to specific matters which did not conflict with the primary functions of these bodies.

II. EXERCISE OF JUDICIAL POWERS IN A SIMILAR FORM TO ORDINARY JUDICIAL ACTIVITY

9. In view of the fact that the SIC and the DNDA act as judges in these specific matters, they must apply the same rules as those applied in the ordinary courts. Article 24(3) of the Code of General Procedure provides that the administrative authorities shall handle cases through the same procedural channels as those established for judges. Accordingly, the following paragraphs clarify a number of key points.

⁴ Law No. 1564 of 2012 issuing the Code of General Procedure and other provisions. Available at: <http://www.wipo.int/wipolex/en/details.jsp?id=14817>.

A. COMPETENT JURISDICTION

10. Any natural or legal person who decides to bring a case in relation to acts of unfair competition or infringements of industrial property rights or copyright may choose who will deal with the claim, by filing it either with the ordinary courts or with the SIC or the DNDA: in other words, there is a choice of competent jurisdiction. The advantage of filing the claim with the SIC or the DNDA is that these bodies specialize in the handling of IP matters. Moreover, they do not have the same level of backlog that affects the ordinary courts, which means that cases are processed more quickly.

B. PROCESSING OF CASES

11. For the case to be processed, the interested party must file a claim that meets the requirements laid down in the Code of General Procedure.

12. The case is heard in oral proceedings which the SIC has implemented since 2011 thanks to the expertise of its officials⁵ and the use of appropriate facilities and technology. Implementation by the DNDA has been a gradual process since the assignment of its judicial powers has been more recent.

C. JUDICIAL OVERSIGHT THROUGH APPEAL

13. Once a case has been decided by the SIC or the DNDA in the form of a ruling, an appeal may be filed with a higher authority. Even though these bodies are not part of the judiciary in functional terms, the authority that deals with appeals is the High Court of the Bogota Judicial District, which forms part of the ordinary judicial structure. In this way hierarchical oversight of the decisions of the SIC and the DNDA is ensured within the judiciary itself.

D. DISCRETIONARY PROVISIONAL MEASURES⁶

14. Discretionary provisional measures are an important procedural tool that has undergone major development in Colombia and has been used constantly in most cases where people choose the SIC or the DNDA to examine their cases.

15. Article 590 of the Code of General Procedure provides as follows:

“1. Further to the submission of the claim, at the request of the plaintiff, the judge may order the following provisional measures:

(...)

c) Any other measure deemed reasonable by the judge to protect the right that is the subject of litigation, prevent the infringement thereof or avoid the

⁵ The cases are determined by three officials who are assigned judicial duties. The officials have a team of nine lawyers responsible for overseeing the overall handling of cases.

⁶ See Order No. 19358 of 9 April 2014 (available at: <http://visordocs.sic.gov.co/documentos/Docs019/ActosCertimail/201404/201404AU19358.pdf>)

and Order No. 11369 of 24 February 2015 (available at: <http://visordocs.sic.gov.co/documentos/Docs019/docs23/2015/2015011369AU/2015011369AU0000000001.PDF>).

consequences of such infringement, prevent damage, cause the responsible parties to desist or ensure the effectiveness of the claim.

In issuing the provisional measure, the judge shall assess whether the parties have legitimate grounds or interests and whether there is any threat to, or infringement of, the right in question.

Moreover, the judge shall take into account *prima facie* considerations as to the merits of the case and to what extent the measure is necessary, effective and proportional and, if appropriate, may order a measure that is less onerous than, or is different from, the one requested. The judge shall establish the scope and duration of the measure and may order *ex officio* or at the request of the interested party that the adopted provisional measure be modified, replaced or discontinued.

Where provisional measures involving financial claims are concerned, the opposing party may prevent their implementation or modification by making a security deposit to ensure compliance with any ruling in favor of the requesting party or to guarantee compensation for any damage resulting from inability to comply. Payment of a security deposit does not apply in cases where the provisional measures do not involve financial claims or anticipate the ruling on the merits”.

16. This legal scenario has been established as being applicable to all declaratory proceedings, when the above-mentioned Code was adopted in 2012. As a result of this innovatory mechanism, it has been possible to address the diverse situations that may give rise to proceedings for unfair competition, infringements of industrial property rights and violations of copyright and related rights by adopting specific measures for each case, even where traditional provisional measures – such as confiscation or seizure – did not provide a satisfactory solution for factually complex cases.

17. Hence, discretionary protective measures have become one of the most frequent legal remedies for users of the system of justice seeking IP protection, not only because of their practical usefulness but also because they are adopted – in unfair competition proceedings – within 48 hours, which means that businesses can obtain an early solution to their problem in less time than that taken by any other judicial mechanism in Colombia.

III. SOME FIGURES

Some figures relating to cases handled by the SIC and the DNDA are given below.

- SIC:
- Number of rulings issued from 2012 to 2016: 241
 - Unfair competition: 196
 - Industrial property: 45
- DNDA:
- Number of cases handled from 2012 to 2016: 50 (16 proceedings and 14 settlements without proceedings)
 - Concluded cases: 38

IV. CONCLUSION

18. The above gives a general description of some key aspects of the judicial functions of the SIC and the DNDA which offer IP protection. As can be seen, these exceptional powers are exercised in a similar way to those of the ordinary courts. However, the aforementioned bodies provide a more specialized judicial remedy on account of their inherent functions, the expertise of their officials and their infrastructure, and thus play a key role in the justice sector.

THE ENFORCEMENT OF INTELLECTUAL PROPERTY RIGHTS BY THE NATIONAL DIRECTORATE FOR INTELLECTUAL PROPERTY OF PARAGUAY

*Contribution prepared by Mr. Héctor Balmaceda Godoy, Director General, Directorate-General for Enforcement, National Directorate for Intellectual Property, Asunción, Paraguay**

ABSTRACT

The National Directorate for Intellectual Property (DINAPI) of Paraguay is one of the few intellectual property (IP) offices in the world with the power to carry out administrative procedures for the enforcement of IP rights. It performs these functions jointly with other government agencies, in some cases on its own initiative or following complaints filed with DINAPI's Directorate-General for Enforcement. Between 2013 and 2015, 533 procedures helped to prevent financial losses amounting to USD 200,051,165. Thanks to these efforts, Paraguay is no longer on the "Special 301 Watch List" of the Government of the United States of America.

I. INTRODUCTION

1. The Directorate-General for Enforcement was established within the National Directorate for Intellectual Property (DINAPI) pursuant to Law No. 4798/12¹, and is charged with the promotion and enforcement of all forms of intellectual property rights (IPRs).² It is also tasked with conducting investigations and engaging in activities to prevent counterfeiting and piracy. In this respect, it is involved in administrative action that is designed to prevent IPR infringement.
2. DINAPI is the institution that is responsible for implementing the national intellectual property (IP) policy. Between 2013 and 2015, it carried out 533 procedures that prevented losses amounting to USD 200,051,165.

II. TYPES OF ACTION

3. DINAPI's actions are administrative and operations take place at both the customs service and in public locations. DINAPI is also active with respect to commercial premises and warehouses, collaborating in confiscations with revenue agents that are acting in accordance with judicial orders. In practice, DINAPI detains goods and then files the appropriate complaint application with the Public Prosecutor, requesting seizure of the goods.
4. Interventions may be carried out on an *ex officio* basis or following a complaint filed directly with DINAPI's Directorate-General for Enforcement. Complaints can only be filed by the right holders or their representatives. Most procedures are *ex officio* with only five per cent arising as a result of right holder complaints to DINAPI.

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¹ Law No. 4798 establishing the National Department of Intellectual Property (DINAPI), available at: <http://www.wipo.int/wipolex/es/details.jsp?id=13784>.

² The others are the Directorate-General for Industrial Property and the Directorate-General for Copyright and Related Rights.

5. The Directorate for Combating Piracy and Counterfeiting (DLCPF) falls under the authority of DINAPI's Directorate-General for Enforcement, and is responsible for coordinating and implementing plans, guidelines and resolutions to uphold the law and combat piracy and counterfeiting in Paraguay.

6. In accordance with the law (Article 13(1)(c) of Law No. 4798/12)³, the Directorate-General for Enforcement has carried out controls of goods:

- At various ports;
- At airports; and
- During seizures in the Central and Ciudad del Este regions.

7. DINAPI has entered into agreements with various Government agencies. The National Customs Directorate, for example, allows for detention orders that are issued by the Director General for Enforcement of DINAPI to be executed by customs. The Directorate-General for Enforcement sends the order directly and the goods are detained by customs. Similarly, in accordance with the agreement, the Customs Directorate shares its system with DINAPI. This allows them to view all imported goods that are destined for Paraguay and registered with customs. Moreover, random public confiscations of counterfeit products have been carried out.

8. Below are the statistics for the procedures undertaken from 2011 and 2015 and the value of the goods confiscated. It is worth noting that before DINAPI was established, the specialized IP entity which supported the Public Prosecutor's Office in this activity was the Directorate-General for Intellectual Property, which fell under the Ministry of Industry and Commerce.

Year	Number of Confiscation Procedures	Value of Goods Confiscated (in USD)
2011	14	31,649,659
2012	26	2,693,845
2013	25	18,000,000
2014	203	114,575,130
2015	330	85,476,035

III. PRACTICAL EXAMPLE OF A DINAPI ACTION

9. Customs have coordinated with investigators of the National Customs Directorate and the Public Prosecutor's Office in undertaking administrative procedures, yielding significant results.

10. As a first step, DINAPI investigators monitor goods continuously using risk profiles for imports that are recorded in the National Customs Directorate system. When inconsistencies are detected, a report is sent to the Director General for Enforcement, who signs a detention order for the administrator of the customs post where the goods are located.

³ Under this clause, "the Directorate-General for Enforcement, which is responsible for the defense and promotion of intellectual property rights in all their forms, shall also take preventive and investigative action to suppress the crimes of piracy and counterfeit. Accordingly, it is empowered to take administrative action to prevent the infringement of intellectual property rights. Such action may be *ex officio* or upon the filing of a direct complaint with the Directorate-General for Enforcement (DGO) by the right holders or their representatives. Action must take place at customs posts anywhere in the country, in businesses, warehouses or other public or private locations accessed by the public".

11. The order for detention is sent by e-mail and subsequently confirmed over the telephone. The customs administrator then enters a note into the system and a file is created. The cargo is then detained.

12. Subsequently, the importer is contacted so that his or her representative may be present to verify the cargo. In the absence of the importer, a court order is sought to verify the cargo.

13. At customs, goods are detained by the execution of a detention order and the goods are verified. If the goods are found to infringe IPRs, a note is recorded and a complaint is sent to the Prosecutor, listing the counterfeit goods. On some occasions, DINAPI works with the Public Prosecutor to verify goods. However, the Public Prosecutor's Office also conducts its own investigations.

14. In case of infringing goods that are located on business premises or in a warehouse, DINAPI investigators first evaluate the situation and submit a report to the Director of Enforcement, who then requests that the Public Prosecutor's Office conduct their own investigation, in order to seek a judicial detention order to authorize the confiscation of the infringing goods.

15. Controls on business premises and in warehouses are generally more difficult, as an order for detention is required to enter the premises. On several occasions, information has been leaked that has led to the operation failing. Often, lawyers file complaints to start a procedure with the Prosecutor in the hope that the alleged infringers can be turned into their clients. This practice is not helpful, as the complainants tend to act in bad faith, and it demonstrates a lack of coordination with the Public Prosecutor's Office in some instances.

IV. INTERNATIONAL IMPACT

16. In 2014 and 2015, DINAPI entered into negotiations with the Government of the United States of America, which culminated in the signing of a Memorandum of Understanding (MoU) that has led to Paraguay being removed from the "Special 301 Watch List" of the United States Government⁴.

17. Significantly, the negotiations were led by the National Director of DINAPI in an atmosphere of great respect. The signing of the MoU demonstrates Paraguay's continued efforts towards the enforcement and protection of IPRs.

⁴ Office of the United States Trade Representative, 2016 Special 301 Report (April 2015), available at <https://ustr.gov/sites/default/files/USTR-2016-Special-301-Report.pdf>.

THE ENFORCEMENT FUNCTION OF THE INTELLECTUAL PROPERTY OFFICE OF THE PHILIPPINES: BEST PRACTICES AND CHALLENGES

*Contribution prepared by Mr. Allan B. Gepty, Deputy Director General, Intellectual Property Office of the Philippines**

ABSTRACT

Everyone stands to be affected, either directly or indirectly, by intellectual property rights (IPR) infringement, particularly, counterfeiting and piracy. Recognizing this fact, the Intellectual Property Office of the Philippines (IPOP HL) sees the need to have an enforcement function. The thesis is that the Office will not be effective in promoting and protecting IPRs if it cannot take the lead in its enforcement and provide the necessary mechanism to help eliminate the proliferation of counterfeit and pirated products in the market. With the increasing volume of international trade and the challenges of enforcing IPRs in a borderless and complex market, it is submitted that Intellectual Property Offices should take a pro-active role in ensuring the enforcement of IPRs.

I. INTRODUCTION

1. In a developing country like the Philippines, the increasing interface of economies and the growing trend towards globalization have brought herculean challenges to the enforcement of intellectual property rights (IPRs). While the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement) recognizes IPRs as private rights, the fact remains that IPRs and their utilization are a trade matter, and that the government, its trading partners and the general public stand to be affected either directly or indirectly by IPR infringement, particularly, counterfeiting and piracy.
2. The call for an effective IPR enforcement varies in degree depending on the perspective. Countries whose economies are generally IP-based are vocal in pushing for more collaborative and expanded enforcement while other countries demand a certain degree of flexibility in enforcement, taking into account the social dimension of a balanced IP system.
3. In the Philippines, the Intellectual Property Office of the Philippines (IPOP HL) is the primary government agency tasked to administer IP laws, rules and regulations. When IPOP HL was established in 1997, its primary functions were to promote and protect IP. In addition, it also had quasi-judicial functions that empowered it to decide cases involving IPRs and their violations. However, it did not have any enforcement function to ensure that IPRs are not infringed.
4. Notwithstanding the aforementioned organizational structure and functions, counterfeiting and piracy remained a big challenge. Thus, various reforms were introduced in the country, including the designation of regular courts as special commercial courts and the adoption of special rules and procedures for IP cases.

* The views expressed in this document are those of the author and not necessarily those of the Secretariat or of the Member States of WIPO.

5. In June 2008, an inter-agency committee known as the National Committee on Intellectual Property Rights (NCIPR) was established to coordinate, promote, protect and ensure the enforcement of IPRs in the country¹. Its members were required to establish respective IP units to guarantee effective inter-agency cooperation.

6. While it is true that IPRs remain private rights, it was noted that relatively few cases were filed with both the special commercial courts and the IPOPHL. Thus, there was a need for a broader and strategic approach towards combatting counterfeiting and piracy.

II. THE NEED FOR AN ENFORCEMENT FUNCTION

7. As a general rule, IP enforcement has to be initiated by the right holder. Thus, without a complaint filed, investigators and prosecutors cannot pursue IPR violations even if they are being committed flagrantly.

8. Where a right holder initiates an investigation but at a later stage decides not to pursue it anymore, prosecutors will generally withdraw the case, as evidence will be insufficient to establish the violation.

9. In 2010, IPOPHL recognized the need for an enforcement function within the IP Office. The thesis is that an IP Office will not be effective in promoting and protecting IP if it cannot take the lead in IP enforcement and provide the necessary mechanism to help eliminate the proliferation of counterfeit and pirated products in the market.

10. Thus, IPOPHL worked on the amendment of the IP Code of the Philippines to include, among others, the grant of enforcement functions to it. This resulted in the passage of Republic Act (R.A.) No. 10372, which took effect on July 25, 2013².

III. CHALLENGES

11. Before the passage of R.A. No. 10372, IPOPHL already had a quasi-judicial function. With the grant of the new function, the possible conflict between the quasi-judicial function and its enforcement function, was perceived to be a considerable challenge. IPOPHL must avoid a scenario where it is the investigator, enforcer, and the judge, for it to be compliant with the fundamental principle of due process.

12. In the exercise of its enforcement function, it was resolved that IPOPHL should be assisted by other law enforcement agencies. Thus, Section 7 of the IP Code, as amended by R.A. No. 10372, provides the IPOPHL Director General with the power to:

“(c) Undertake enforcement functions supported by concerned agencies such as the Philippine National Police, the National Bureau of Investigation, the Bureau of Customs, the Optical Media Board, and the local government units, among others;

¹ The following agencies are members of the NCIPR: Department of Trade and Industry (DTI), IPOPHL, Department of Justice (DOJ), Department of Interior and Local Government (DILG), Philippine National Police (PNP), National Bureau of Investigation (NBI), Bureau of Customs (BOC), Optical Media Board (OMB), National Telecommunications Commission (NTC), National Book Development Board (NBDB), and Office of the Special Envoy on Transnational Crime (OSETC).

² An Act Amending Certain Provisions of Republic Act No. 8293, Otherwise Known as the Intellectual Property Code of the Philippines, and for other purposes, R.A. No. 10372, available at: <http://www.wipo.int/wipolex/en/details.jsp?id=12953>.

(d) Conduct visits during reasonable hours to establishments and businesses engaging in activities violating intellectual property rights and provisions of this Act based on report, information or complaint received by the office.”

13. With this amendment, it is expected that IPOPHL, through the Office of the Director General, can now effectively undertake and handle IP enforcement with the support of law enforcement agencies. To bolster this, the Director General was additionally authorized to conduct visits to establishments engaged in activities that violate IPRs.

14. Another perceived challenge was the exercise of IPOPHL’s visitorial power. Questions included: How can it be exercised without violating the fundamental protection against unreasonable searches and seizure? What are the parameters to be observed in the implementation of a visitorial order? Will it be akin to the inspection orders being implemented by other law enforcement agencies?

15. To resolve this dilemma, IPOPHL introduced Rules and Regulations³, defining the extent and limitations of the powers of the Director General in the exercise of IPOPHL’s enforcement functions⁴.

IV. IMPLEMENTATION PROCEDURES

16. Under the said Rules and Regulations, IPOPHL’s enforcement functions cover:

“only enforcement against manufacturing, production, importation, exportation, distribution, trading, and offering for sale, including other preparatory steps necessary to carry out the sale of counterfeit and pirated goods (...), and provided that there is no pending case before any office, tribunal, quasi-judicial body, or court involving the same issue/s or subject matter”⁵.

17. In other words, the IPR infringements falling under IPOPHL’s enforcement mandate are those related only to counterfeiting⁶ and piracy⁷. Colorable imitations⁸, substantial or equivalent infringements are excluded. This is because the enforcement functions are not exercised during litigation, but rather are preparatory to the possible investigation and prosecution of IPR violations.

18. To trigger enforcement measures, a complaint or report should be filed. A complaint is understood to be initiated by the right holder or his/her authorized representative while a report

³ Rules and Regulations in the Exercise of Enforcement Functions and Visitorial Power of the Intellectual Property Office, and Creating Thereby an Intellectual Property Rights (IPR) Enforcement Office, Office Order No. 13-170, Series of 2013, available at: <http://www.wipo.int/wipolex/en/details.jsp?id=13536>.

⁴ Rule III, Sections 8 to 11 address visitorial orders.

⁵ Rule III, Section 3.

⁶ Counterfeit goods are “any goods, including packaging, bearing without authorization a trademark which is identical to the trademark validly registered with the IPOPHL or a well-known mark declared as such by a competent authority in the Philippines in respect of such goods, or which cannot be distinguished in its essential aspects from such a trademark, and which thereby infringes the rights of the owner of the trademark in question” (Rule I, Section 4(c)).

⁷ Pirated goods are “any goods which are made without the consent of the right holder or person duly authorized by the right holder and which are made directly or indirectly from an article where the making of that copy would have constituted an infringement of a copyright or a related right” (Rule I, Section 4(h)).

⁸ The term “colorable imitation” refers to “such a close or ingenious imitation as to be calculated to deceive ordinary purchasers, or such resemblance of the infringing mark to the original as to deceive an ordinary purchaser giving such attention as a purchaser usually gives, and to cause him to purchase the one supposing it to be the other” (Emerald v. Court of Appeals, G.R. No. 100098, December 29, 1995).

may be initiated by anybody who has reasonable grounds to believe that counterfeiting or piracy is being committed⁹.

20. If a complaint is filed, the following actions may be undertaken depending on the evaluation and recommendation of the IPR Enforcement Officer:

- a. Issuance of notice/warning to the respondent/s to observe compliance with the provisions of the IP Code, as amended;
- b. Issuance of visitorial order on the subject premises;
- c. Issuance of compliance order against the respondent/s;
- d. Immediate filing of administrative complaint before the local government unit concerned, and/or other government agencies or tribunals;
- e. Referral of the case to a law enforcement agency for case build-up;
- f. Recommendation of application for search warrant;
- g. Dismissal of the complaint;
- h. Referral of the case to other government agencies for filing of charges for violation of other laws, rules or regulations; or
- i. Such other actions necessary to ensure compliance with the provisions of the IP Code, as amended¹⁰.

21. If a report is filed, the reported violation will be validated by the IPR Enforcement Officer. If there is a reasonable basis to establish that a violation is being committed, the report will be referred to the right holder or his/her authorized representative for appropriate action. Should the right holder fail to initiate the necessary complaint within one month from notice, this shall cause the dismissal of the report, and due notice thereof shall be relayed to the informant on the apparent lack of interest of the right holder to pursue the complaint¹¹.

22. In order not to affect the outcome of the enforcement actions, the records relating to complaints, reports as well as recommendations of the IPR Enforcement Officer are confidential until the enforcement actions have been concluded¹².

V. OBSERVATIONS

23. It can be said that the grant of enforcement functions to IPOPHL gave another legal remedy to right holders and the public to report IP violations. This mechanism provides a cost-effective measure to curb simple IPR violations.

24. In one case, for example, a copyright owner filed a complaint against an account holder in one of the social media networks for copyright infringement by selling pirated books. To download the books, one had to pay through a payment facility administered by a telecommunications company. Based on the complaint, and after due evaluation, IPOPHL sent a notice to the payment facility provider informing it about the illegal activities of the account holder, whereupon the payment facility provider cancelled its merchant contract with the infringer.

25. In another case, a complaint for trademark infringement was filed on the grounds that counterfeit products were being sold in an online market platform. Upon evaluation of the

⁹ Rule III, Sections 1 and 5.

¹⁰ Rule III, Section 4.

¹¹ Rule III, Section 6.

¹² Rule III, Section 7.

complaint, IPOPHL sent a notice to the administrator of the online market platform and, as a result, the account of the infringer was cancelled.

26. In some cases, a simple enforcement action by IPOPHL, such as the sending of a notice or warning on possible violations of IPR, resulted in immediate compliance of the law, which makes it more effective compared to what a cease and desist letter by the right holder's lawyer achieves. This is mainly because it is now a government agency reminding suspected infringers to comply with the law.

27. In other instances, IPOPHL assisted with building cases and coordinating enforcement operations between and among various law enforcement agencies working towards the implementation of laws, rules and regulations relating to IPR enforcement. This mechanism proves to be effective and efficient because all government entities concerned work together in addressing a specific complaint. This allows for the sharing of information, which is necessary for establishing other violations.

28. IPOPHL, together with other law enforcement agencies, such as the Optical Media Board (OMB) and the Philippine National Police (PNP), has also conducted numerous visits to business establishments, leading to the positive result that those businesses comply with IP laws.

29. For 2015, IPOPHL had a disposal rate¹³ of 100 per cent for reports and 88 per cent for complaints. It has also inspected 39 businesses and establishments mostly in connection with the use of unlicensed software.

VI. CONCLUSION

30. With the increasing volume of international trade and the challenges of IPR enforcement in a borderless and complex market, it is believed that IP Offices may have to take a pro-active role in ensuring the enforcement of IPRs. While IP awareness and education should be a continuing program, the economic environment dictates a system where the enforcement of IPRs should not be entirely dependent on the right holders.

31. IP is a tool to generate trade and competitiveness in a free and fair market. However, businesses and companies in every country consist of at least 90 per cent of small and medium-sized enterprises (SMEs). They are unlikely to pursue aggressive IP enforcement as they may have financial constraints or be more focused on expanding their respective businesses. In order for SMEs to realize the benefits of IP, it is therefore necessary that IP Offices take a pro-active approach towards IPR enforcement.

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¹³ The term disposal rate refers to the ratio of the total number of enforcement actions taken to the total number of reports or complaints received.