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ADMINISTRATIVE REMEDIES FOR THE ENFORCEMENT OF INTELLECTUAL PROPERTY RIGHTS– THE PHILIPPINE EXPERIENCE

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The effective enforcement of intellectual property rights (IPRs) in the Philippines at the very least hinges on three critical factors. One is putting in place the needed legal infrastructure that will serve as the basis or foundation in resolving conflicts in ownership or any violations of IPRs. The second is making available to parties in conflict accessible venues for redress. The third is formulating an efficient information dissemination strategies to create IP awareness among IP stakeholders and the public in general for the Intellectual Property Office (IPOPhil) believes that IP stakeholders who are highly aware of their rights, the economic and moral benefits from their IP and the legal remedies available to them will be valuable partners in enforcement.

In the Philippines, we have followed this formula. The issue of enforcement is confronted at three fronts, namely:

1. Effective legal framework and environment to guarantee strong legal basis for enforcement;

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

2. Expeditious judicial and administrative processes to ensure availability of remedies for right holders; and
3. Public education to get staunch support for IP enforcement activities from relevant government agencies, stakeholders and the general public.

For purposes of this presentation, therefore, I will focus my discussion on these three aspects.

A. LEGAL FRAMEWORK

No less than the 1987 Philippine Constitution recognizes the importance of intellectual property rights to the Filipinos and the country in general. The basic law of the land mandates that:

“The State shall protect and secure the exclusive rights of scientists, inventors, artists, and other gifted citizens to their intellectual property and creations, particularly when beneficial to the people, for such period as may be provided by law.”

Following this mandate of the Constitution, five major laws for the protection of intellectual property rights in the Philippines have been promulgated. These are:

- *Republic Act No. 8293, or the Intellectual Property Code of the Philippines.* The Code took effect in January 1998 and provides for the fundamental legal basis for the protection of intellectual property rights in the country and for IP enforcement actions.
- *Republic Act No. 8792, the Electronic Commerce Act,* which took effect in June 2000, brings IP protection to the digital environment. Section 33 thereof is an encompassing provision which penalizes, among other actions, “hacking” and “piracy” or the unauthorized copying, reproduction, dissemination, distribution, importation, use, removal, alteration, substitution, modification, storage, uploading, downloading, communication, making available to the public, or broadcasting of protected material, electronic signatures or copyrighted works including legally protected sound recordings or phonograms or information material on protected works through the use of telecommunication networks, such as, but not limited to the internet. The E-Commerce Act, therefore, is considered a potent weapon to combat on-line piracy.
- *Republic Act No. 9150, the Law Protecting Layout-Designs of Integrated Circuits* was signed on August 6, 2001. Under this law, protection of layout designs follows after registration.
- *R. A. 9168 or the New Plants Varieties Protection Act* took effect on July 20, 2002. This legislation provides a *sui generis* protection for new plant varieties and is administered by the Department of Agriculture.

- To further enhance and update copyright and related rights protection in the country, the Philippine Senate ratified Philippine membership to the WIPO Copyright Treaty and the WIPO Performances and Phonograms Treaty in 2002. The treaties took effect in October 2002.
- Republic act 9239, or the *Optical Media Act*, was signed into law on 11 February 2004. The law is intended to address the problem of optical disc piracy by getting to the source – the manufacturers of pirated optical media and equipment used in the production thereof.

Since Republic Act No. 8293 is considered as the fundamental law as far as IP protection in the country is concerned, let me give you a brief description of selected provisions of the IP Code that serve as bases for civil, criminal or administrative IP cases:

1. Patents

Section 71 of the IP Code grants the patent owner the exclusive right to make, use, sell, offer for sale and import his patented product, subject to the limitations provided for under Section 72 on Limitations of Patent Rights, Section 73 on Prior User, and Section 74 on the Use of Invention by the Government. If the subject matter of a patent is a process, the protection extends to the use of the process and to products obtained directly or indirectly from such process. Based on these exclusive rights, the following acts are deemed unlawful without the authority of the patent owner (Section 76):

- a. Make, use, sell or offer for sale or import a patented product or a product obtained directly or indirectly from a patented process; and
- b. Use a patented process.

Any violations of the above give the right to the patent owners to bring civil actions for infringement before the courts to recover damages. The court may issue an injunction and in its discretion, order the infringing goods, materials and implements used in the infringement be disposed of outside the channels of commerce, or destroyed without compensation (Section 76.5). It should be emphasized that under Section 76.6, those who actively induce the infringement of a patent or provide the infringer with components of a patented product or products produced from patented process knowing that such will be used to infringe on a patented invention and not suitable for substantial non-infringing use shall likewise be liable as contributory infringers and shall be jointly and severally liable with the infringer.

While patent infringement suits are predominantly civil actions, if the infringement is repeated by the infringer or by anyone in connivance with him after finality of judgment, the violators shall, without prejudice to the institution of a civil action for damages, be criminally liable therefor and, upon conviction shall suffer imprisonment for a period of not less than six (6) months but not more than three (3) years and/or fine of not less than One hundred thousand pesos (P100,000) but not more than Three hundred thousand pesos (P300,000) at the discretion of the court.

2. Trademarks

Part III of the Code refers to the Law on Trademarks, Service Marks and Tradenames. Specifically, Section 155 provides that a trademark infringement is committed by a person who, without the consent of the owner of a registered mark shall:

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

A trademark registration with the Intellectual Property Office is an essential requirement in a suit for trademark infringement. Under Section 158 of the IP Code, damages can only be claimed in any suit for infringement, where the infringer has the knowledge that the imitation is likely to cause confusion, or mistake, or to deceive. Such knowledge is presumed, however, if the trademark owner gives notice that its mark is registered by displaying with the mark the words "Registered Mark" or the letter "R" within a circle, or the infringer had actual notice of the registration.

The injured party, under Sections 155 and 168, is entitled to recover damages. Where actual intent to mislead the public or to defraud the injured party is proven, the courts may double the amount of damages. The court may also grant injunction and during the pendency of the action may also impound documents evidencing sales. Once the cases are decided with finality, the courts can further authorize the disposal of the infringing goods outside the channels of commerce, or to order their destruction without compensation.

Independent of the foregoing sanctions, a criminal penalty of imprisonment from two (2) years to five (5) years and a fine ranging from Fifty thousand pesos (P50,000) to two hundred thousand pesos (P200,000), shall be further imposed on persons found guilty of committing any of the acts mentioned in Section 155 and Section 168.

For trademark owners who do not have the benefit of trademark registration, or for those whose applications for registration are still pending, Section 168 has the remedy of bringing complaints for acts constituting unfair competition, to wit:

- a. The employment of deception or any other means contrary to good faith by which one 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 goodwill, or acts calculated to produce the same result;

- b. The sale of one's good and giving them the general appearance of the goods of another, 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 of dealer; and
- c. The use of any artificial device, or employing other means calculated to induce the false belief that one is offering the services of another who has identified such services in the mind of the public.

Relief against unfair competition is based on the theory that one who has built up goodwill for his goods or services is entitled to be protected from those who, by the employment of deceit or fraudulent means, pass off their goods and services for that of another in order to ride on such goodwill. Section 168, therefore, is much broader in scope than Section 155, which only covers the unauthorized use of registered trademarks.

3. Copyright

Under Section 177 of Part IV on the Law on Copyright, the Code grants to authors – subject to limitations enumerated in Sections 184 to 190 on fair use – exclusive rights to prevent:

- a. Reproduction of original artistic or literary works or substantial portions of such works;
- b. Dramatization, translation, adaptation, abridgment, arrangement or transformation of any work;
- c. The first public distribution of the original and each copy of any work by sale or other forms of transfer of ownership;
- d. Rental of the original or a copy of audiovisual or cinematographic works, any work embodied in a sound recording, computer programs, compilations of data and other materials or musical works in graphic form;
- e. Public display of the original or a copy of any work;
- f. Public performance; and
- g. Other communications to the public of the original or a copy of any work.

Related rights owners such as performers, producers of phonograms and broadcasting organizations are also conferred with certain exclusive rights under the Code, subject to the provisions of Section 212 on fair use.

(i) Performers (Section 203)

- As regards their performances, the right of authorizing:

- the broadcasting and other communication to the public of their performance; and
- the fixation of their unfixed performance.
- The exclusive right to authorize:
 - The direct or indirect reproduction of their performance fixed in sound recordings, in any manner or form;
 - The first public distribution of the original and copies of their performance fixed in the sound recording through sale or rental or other forms of transfer of ownership;
 - The commercial rental to the public of the original and copies of their performances fixed in sound recordings even after distribution of them by, or pursuant to the authorization by the performer; and
 - The distribution to the public of their performances fixed in sound recordings, 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.

(ii) Producers of Sound Recordings

With regard to producers of sound recordings, an exclusive right to authorize the following is provided for under Section 208:

- The direct or indirect reproduction of their sound recordings in any manner or form; placing the reproductions in the market and the right of rental or lending
- The first public distribution of the original and copies of the sound recordings through sale or rental or other forms of transferring ownership; and
- The commercial rental to the public of the original and copies of their sound recordings, event after distribution by them by or pursuant to authorization by the producer.

(iii) Broadcasting Organizations

Section 208 is concerned with the exclusive rights granted to broadcasting organizations viz:

- The rebroadcasting of their broadcasts;
- The recording in any manner, including the making of films or the use of video tape, of their broadcasts for the purpose of communication to the public of television broadcasts of the same; and

- The use of such records for fresh transmissions or for fresh recording.

Any person infringing any of the rights protected under the Copyright Chapter shall be liable:

- h. To an injunction restraining such infringement;
- i. To pay to the copyright owner damages, as well as profits that may have been made;
- j. To deliver for impounding documents evidencing sales, infringing articles and implements for making them during the pendency of the action;
- k. To deliver for destruction without any compensation all infringing copies, devices or other means for making infringing copies; and
- l. To pay moral and exemplary damages as determined by the court, including the destruction of the infringing copies even in the event of acquittal in a criminal case.

Anyone infringing or aiding and abetting infringement shall be guilty of a crime punishable by:

- First offense --Imprisonment of one (1) year to three (3) years plus a fine ranging from Fifty thousand pesos (P50,000) to One hundred fifty thousand pesos (P150,000);
- Second offense – Imprisonment of three (3) years and one (1) day to six (6) years plus a fine ranging from One hundred fifty thousand pesos (P150,000) to Five hundred thousand pesos (P500,000); and
- Third and subsequent offenses – Imprisonment of six (6) years and one (1) day to nine (9) years plus a fine ranging from Five hundred thousand pesos (P500,000) to One million five hundred thousand pesos (P1,500,000).

In all cases, there is a corresponding subsidiary imprisonment.

B. ADMINISTRATIVE REMEDIES – The Philippine Experience

The IP Code provides an alternative venue for redress for aggrieved parties in IP violation cases by filing administrative complaints before the Bureau of Legal Affairs (BLA) of the IPOPhil. The BLA has original jurisdiction (power to hear and decide the case at the first instance, i.e., from the inception of the case) if the total damages claimed are two hundred thousand pesos (P200,000) and above. The commencement of an action under the Bureau's Rules is independent and without prejudice to the filing of an action with the regular courts.

The filing of administrative complaints with the BLA is a relatively new service. This started in May 2001 after the promulgation of the necessary Rules and Regulations and the recruitment of the necessary hearing officers, stenographic reporters, sheriffs and other support staff. Currently, the Administrative Complaints Division is composed of 3 Legal Officers hearing cases, 2 stenographic reporters, 1 sheriff and 2 process servers. To enforce promulgated decisions, the BLA entered into a Memorandum of Agreement with the relevant government agencies such as the Bureau of Penology, the Philippine National Police and the National Bureau of Investigation.

As structured, administrative complaints are initiated by filing a verified complaint with the BLA and follow a procedure similar to the courts, to wit:

1. Filing of Complaint. The BLA takes cognizance of the case after it is filed and the required filing fee is paid.
2. Raffle of Cases. Two (2) days from receipt of the complaint by the Bureau, the Administrative Complaints Division raffles the case under the supervision of the Assistant Division Chief.
3. Notice to Answer. Within three (3) days from receipt of the complaint, the Hearing Officer-in-charge prepares the Notice to Answer and sends it together with a copy of the complaint to the Respondent by mail or by personal service.
4. Answer. Respondent is required to answer in writing the complaint within ten (10) days from receipt thereof, either by specially denying the material allegations of the complaint or alleging any affirmative defense. If Respondent fails to answer within the time allowed, the Hearing Officer *motu proprio* or upon motion of the complainant with notice to the respondent, and upon proof of such failure, shall declare the respondent in default. The complainant is allowed to present his evidence ex-parte. Thereupon, the Director of the Bureau of Legal Affairs proceeds to render judgment granting the complainant such relief as his pleading may warrant.
5. Notice of Pre-Trial Conference. Within fifteen (15) days from receipt of the answer or last pleading, the Hearing Officer-in-charge prepares the notice of Pre-Trial Conference which shall be set immediately or on a date fixed in the notice. The notice requires the parties to submit their respective pre-trial briefs at least three (3) days before the date set for pre-trial conference. Failure to submit the Pre-Trial Brief pursuant to these Regulations may be a cause for dismissal of the action with prejudice. The Hearing of Motion to grant provisional remedies shall be scheduled prior to the date set for Pre-Trial Conference.
6. Pre-Trial Conference. Presence of the parties themselves is required for the pre-trial conference for purposes of accepting an offer of compromise but their presence may be dispensed with if counsel/s are with power of attorney or the appropriate corporate authorization.
7. Trial. The Hearing Officer shall set the case for successive and continuous daily hearing for the reception not only of the evidence in chief but also on any provisional remedy prayed for in the complaint or petition. The hearing of the case

on the merits or the reception of evidence shall be terminated within ninety (90) days and in the case of provisional remedies, the hearings or reception of evidence thereon shall be terminated within thirty (30) days.

8. *Filing of Memorandum and Decision.* Upon termination of the period for the reception of evidence and the evidence is formally offered, the case shall be decided by the Director of Legal Affairs within thirty (30) calendar days from submission of the case for resolution whether or not the parties submit a final pleading such as a memorandum. Decisions are sent by mail or personal service within three (3) days or by publication as the case may require.
9. *Appeal.* After fifteen (15) days from receipt of the copy of the decision by the parties involved, and no motion for reconsideration is filed with the Bureau or an appeal to the Director General is made, the same becomes final and executory. The decision of the Director-General on appeals is final and executory unless the same is appealed to the Court of Appeals or the Supreme Court.
10. *Enforcement and/or Execution.* As soon as a decision has become final and executory, the Director of the Bureau of Legal Affairs shall issue an order of execution deputizing the Sheriff or such other duly authorized government agent, officer or personnel to execute the said decision.

The Rules of Court have suppletory effect to IPOPhil's Rules and Regulations on Administrative Complaints for Violations of Laws involving Intellectual Property Rights.

The Director of the Bureau, after due process, may impose one (1) or more of the following administrative remedies:

- a. The issuance of cease and desist orders specifying the acts that the respondent shall cease and desist from and is required to submit a compliance report within a reasonable time as fixed in the order;
- b. The acceptance of a voluntary assurance of compliance or discontinuance which may include one or more of the following:
 - to comply with the provisions of the intellectual property law violated;
 - to refrain from engaging in unlawful and unfair acts and practices, subject of the formal investigation;
 - to recall, replace, repair or refund the money value of defective goods distributed in commerce;
 - to reimburse the complainant the expenses and costs incurred in prosecuting the case before the BLA;
 - the Director of BLA may also require the respondent to submit periodic compliance reports and file a bond to guarantee compliance of his undertaking.

- c. The condemnation or seizure of products which are subject of the offense, for disposal in such manner as may be deemed appropriate by the Director, e.g. sale, donation to distressed local government units or to charitable or relief institutions, exportation, recycling into other goods, or any combination thereof;
- d. The forfeiture of paraphernalia and all real and personal properties which have been used in the commission of the offense;
- e. The imposition of administrative fines in such amount as deemed reasonable by the Director, which shall in no case be less than Five Thousand Pesos (P5,000) nor more than One Hundred Fifty Thousand Pesos (P150,000). In addition, an additional fine of not more than One Thousand Pesos (P1,000) shall be imposed for each day of continuing violation;
- f. The cancellation of any permit, license, authority, or registration which may have been granted by the IPO, or the suspension of the validity thereof for such period of time as the Director may deem reasonable which shall not exceed one (1) year;
- g. The withholding of any permit, license, authority or registration which is being secured by the respondent from the IPO;
- h. The assessment and award of damages;
- i. Censure; and
- j. Other analogous penalties or sanctions such as those provided under the Intellectual Property Code

In addition to the foregoing powers, the Director may, at any stage of the proceedings prior to the judgment or final order, issue any of the following provisional remedies:

- Preliminary injunction or temporary restraining order; or
- Preliminary attachment.

The availment of the above remedies, however, are subject to the rules on non-forum shopping. As such, the aggrieved party cannot institute a civil action for damages resulting from infringement and at the same time file an administrative complaint for violation of IPR under the IP Code that would include as penalty the assessment of damages. There would be no forum shopping, however, if a criminal case and an administrative case are simultaneously instituted.

Statistical records of the Bureau of Legal Affairs, showed that the BLA acted on the following administrative cases from 1999 to 2003:

Actions on Administrative Cases 2000-2003

YEAR	CASES RECEIVED	FINAL ORDERS/RE-SOLUTIONS	FINAL DECISIONS	TOTAL CASES DISPOSED
2001	19	-	-	-
2002	9	9	3	12
2003	26	7	3	10

Bases on averages, trademark cases take at least six (6) months to dispose of while patent cases take a longer prosecution time due to the technicality of the subject matters under consideration. The administrative venue is seen to be a faster and less expensive alternative for parties in conflict.

Another government agency that handles administrative cases on IPR violations is the Department of Trade and Industry (DTI) by virtue of Executive Order No. 913. The Executive Order gives the Department the authority to adjudicate cases involving violations of trade and industry laws. DTI's jurisdiction over intellectual property laws was defined when the then Secretary of Trade and Industry issued Administrative Order No. 1 series of 2000. The Administrative Order classified intellectual property laws as trade and industry laws. Executive Order 913 has put no jurisdictional amount of damages claimed for DTI to act on a case. As such, any provincial and regional offices of the DTI and its Office of Legal Affairs may accept complaints where there are no damages claimed or where there are damages claimed regardless of the amount. The Department of Trade and Industry's proceedings also follow a legal format. Under the DTI procedure, the decision of the hearing officer-in-charge is appealable to the Secretary of Trade and Industry.

To further strengthen IPOPhil's adjudication functions, the IP Code likewise empowers the Office to settle disputes in selected cases through a mediation procedure. There are two instances where parties may go through mediation proceedings before the IPOPhil. These are:

1. Disputes on terms of technology transfer arrangements; and
2. Terms of a License Involving the Author's Right to Public Performance or other Communication of his Work

The mediation proceeding is a friendlier venue for parties to settle their differences. Under the Code, the Director of the Documentation, Information, and Technology Transfer Bureau may render a decision in the first category if the parties fail to arrive at an amicable compromise after the mediation conferences. With regard to author's rights, the Director General has the power to render the decision in case of failure of mediation. Again, mediation is a relatively new service and it is hoped that parties in conflict will more and more go through this avenue to avoid litigious processes.

C. BUILDING PUBLIC AWARENESS

An informed and vigilant IP sector is government's valuable partner in enforcement. Thus, IPOPhil's enforcement initiatives include that of ensuring that those who utilize and benefit from the intellectual property system are well aware of its importance and role in economic development. The IPOPhil, therefore, has organized seminars and workshops that involve the following sectors of society:

1. IP Stakeholders – inventors, creators, trademark owners, scientists, research and development personnel
2. Relevant Philippine government agencies in all branches of government – those that deal with such as those enforcement laws. Legislative, judicial and policy making bodies, e.g., Philippine National Police, National Bureau of Investigation, Videogram Regulatory Board, Bureau of Customs, National Telecommunication Commission, Department of Justice for prosecutors, Supreme Court of the Philippines for judges and justices, Department of Science and Technology and its R & D Institutes and Councils, Department of Education, National Economic Development Authority, Civil Service Commission, among others.
3. Academe – especially universities and colleges that offer science, engineering and law curricula and selected science secondary schools.
4. IP Practitioners and patent agents
5. Non- governmental organizations in IP, examples of which are the Intellectual Property Coalition, the Intellectual Property Association of the Philippines, the Council to Combat Piracy of Patents, Copyright and Trademarks, the Intellectual Property Foundation of the Philippines, the Brand Protection Association, among other NGOs.

The information campaign of IPOPhil for the past four years (2000-2003) spread all over the country. Key cities and growth centers outside Metro Manila, which is the main metropolis, were targeted. The number of business establishments, academic institutions and the robustness of trade and commerce become the basic criteria for selecting venues for such activities.

In a number of instances these events were organized in partnership with local IP organizations to involve the IP stakeholders. International organizations such as the World Intellectual Property Organization, the Japan International Cooperation Agency, the International Intellectual Property Institute, and the European Patent Office along with bilateral partners such as the European Union, Japan and the United States have provided the much-needed expertise in the conduct thereof. The following table shows the distribution of the information dissemination activities:

Information Dissemination Activities Undertaken 2000-2003

YEAR	DISTRIBUTION		
	Regional (outside Manila)	Metro Manila	Total
2000	10	28	38
2001	15	17	32
2002	8	7	15
2003	3	22	25

CONCLUSION

Although hampered by limited resources and other priorities, the formula that the Philippine government adopted to protect and enforce intellectual property rights enabled the country to make significant progress in recent years in strengthening intellectual property rights protection within its borders and jurisdiction. While adjudication of IP violation cases through the administrative venue is still in its young stage, this remedy for parties in conflict is proving to be an effective and efficient way for IP owners and violators to resolve conflicts. As such, the IPOPhil is continually enhancing its procedures for administrative redress in the hope that this will become a major means by which IP cases are resolved and thereby unclog the courts of IP cases.

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