



## **Newsletter December 2020**

---

### **The 2020 Revised Rules of Procedure for Intellectual Property Rights Cases**

*by: Atty. Christine Chy<sup>1</sup>*

The 2020 Revised Rules of Procedure for Intellectual Property Rights Cases (2020 IPR Rules) took effect last November 16, 2020.

The 2020 IPR Rules incorporates certain provisions of the 2019 Amendments to the Revised Rules of Civil Procedure, the 2019 Amendments to the Revised Rules on Evidence, and the Revised Guidelines for Continuous Trial of Criminal Cases, as well as introducing other salient amendments.

By way of brief introduction, the Rules of Procedure for Intellectual Property Rights Cases, as the name implies, is a set of special rules that shall be observed by the Regional Trial Courts designated by the Supreme Court as Special Commercial Courts and applied to all cases involving Intellectual Property (IP) Rights. In cases which involve several intertwined issues, in addition to those involving IP Rights, a special order may be issued by the court stating that the regular procedure according to the Rules of Court are to be observed, stating the reason therefor.

### **Incorporation of the 2019 Amendments to the Revised Rules of Civil Procedure, the 2019 Amendments to the Revised Rules on Evidence, and the Revised Guidelines for Continuous Trial of Criminal Cases.**

According to the Supreme Court: "In revising the 2020 IPR Rules, the salient features of the 2019 Amendments to the Revised Rules of Civil Procedure were integrated therein. For instance, the 2020 IPR Rules now require the complaint and the answer thereto to include the evidence in support thereof. The answer shall likewise be filed within thirty (30) calendar days from service of summons, while the answer to counterclaims or cross-claims shall be filed and served within fifteen (15) calendar days from service of the answer in which they are pleaded. Replies are no longer prohibited for as long as the answer includes an actionable document. The 2020 IPR Rules also incorporate the amended provision on substituted service of summons. Extraterritorial service of summons as provided for in international conventions to which the Philippines is a party shall also be allowed. In keeping with the language of the 2019 Amendments to the Revised Rules of Civil Procedure, the 2020 IPR Rules are also now gender-sensitive.

The 2019 Amendments to the Revised Rules on Evidence were also taken into account. For instance, the 2020 IPR Rules now treat as proof of official record of public documents in the custody of a foreign office, certificates issued pursuant to a treaty or convention to which both the Philippines and the country in which such office is located are parties. xxx

As for criminal cases, the fine points of the highly successful Revised Guidelines for Continuous Trial of Criminal Cases were adopted such as the grounds for prohibited motions, the mandatory use of judicial affidavits which constitute the direct testimonies of the witnesses who executed them, and the simultaneous setting of arraignment and pre-trial, proper scheduling of the trial of cases, strict rules on postponement, proper stipulation of facts and testimonies of witnesses, adoption of timelines and other rules intended to hasten the resolution of criminal cases."

### **Amendments pertaining to evidentiary matters**

Under the 2020 IPR Rules, it now lists what shall be considered as evidence of actual use of a mark. Some items on said list are taken from Trademark Rules and Regulations of 2017.

The 2020 IPR Rules also creates a new provision on Market Surveys, which is defined as a scientific market or consumer survey which a party may offer in evidence to prove (a) the primary significance of a mark to the relevant public including its distinctiveness, its descriptive or generic status, its strength or well-known status and/or (b) likelihood of confusion.

### **Other Salient Amendments**

Previously under the old IPR Rules, Special Commercial Courts in Quezon City, Manila, Makati, and Pasig have special authority to issue writs of search and seizure in civil actions for violations of the IP Code, enforceable nationwide. The corresponding provision under the 2020 IPR Rules now extends said special authority to Special Commercial Courts

---

<sup>1</sup> Former associate of Sapalo Velez Bundang Bulilan (SVBB) law offices

in Baguio City, Iloilo City, Cebu City, Cagayan de Oro City, and Davao City, and such writs may also be issued in criminal cases.

Under the 2020 IPR Rules, motions to dismiss on grounds of lack of jurisdiction, *litis pendentia*, *res judicata* and prescription are now allowed, where previously these were prohibited pleadings. Motions for postponement are also permissible if the ground is based on acts of God force majeure, or physical inability of the witness to appear and testify.

“As regards the modes of discovery, courts may now allow the use of electronic means such as teleconferencing or videoconferencing in the taking of depositions and in other modes of discovery.” as per the Supreme Court.

The period for the Court to render judgement has been shortened from ninety (90) days to sixty (60) days under the 2020 IPR Rules.

The Supreme Court has also stated that “Rule 20 on Order of Destruction was overhauled to include disposal of infringing goods, related objects, or devices, specifying the manner or method of disposal and/or destruction thereof. Courts may also issue an order disposing of them by way of donation for humanitarian use, subject to conditions. However, those classified as hazardous shall only be subject to destruction. xxx [and] a new provision was added for monitoring the application of and adherence to the 2020 IPR Rules, and mandates the training of judges and court personnel by the Philippine Judicial Academy in coordination with the Office of the Court Administrator.”

The 2020 IPR Rules (A.M. No. 10-3-10-SC) was published October 17, 2020, in the Manila Bulletin and Philippine Star.

---

## **IPOPHL Issues Rules On Copyright Owners’ Resale Rights<sup>1</sup>**

*by: Atty. Ma. Sophia Editha Cruz-Abrenica<sup>2</sup>*

In order to protect artists and other gifted people in relation to their intellectual property and creations as mandated by the Philippine Constitution and in order to clarify the rights of artists to the proceeds of subsequent transfers or resale, the Intellectual Property Office of the Philippines (“IPOPHL”) issued on July 2020 Memorandum Circular No. 2020-023 covering the Implementing Rules and Regulations on Resale Rights.

The new rules on copyright owners’ resale rights apply to the sale or lease of an author’s original works, subsequent to the first disposition thereof by the author, notwithstanding that the works may have been made before the effectivity of the rules. The rules cover authors who are citizens of the Philippines as well as other member states of the Berne Convention having resale rights provisions in their national copyright legislation. The rules are not applicable to prints, etchings, engravings and works of applied art and similar kind wherein gains are derived from proceeds of reproductions. The rules are also not applicable to subsequent sales made directly between private individuals with no participation of an art market professional, nor to sales made by individuals to public museums.

Authors of original works of painting or sculpture or writers of manuscript or composers of music, whether done independently or pursuant to a commission, shall be entitled to resale rights which are transmissible to the heirs upon the author’s death. For joint authors, the rights shall be co-owned in equal shares, or as may be agreed upon in writing and signed by or on behalf of the parties. A presumption of authorship is created when a name purporting to be that of the author appears on the work at the time it was created, subject to contrary proof.

The resale right shall subsist during the author’s lifetime plus fifty (50) years after his death. For jointly authored works, the resale right shall subsist until after fifty (50) years from death of the last surviving author. The resale right shall be inalienable such that it cannot be taken away from nor given away by the author, except in cases of succession or other legal circumstances. Neither can the resale rights be sold or waived. Hence, any charge, encumbrance, assignment, waiver, nor any agreement to share or repay the resale right shall be void.

Even if the first transfer is not made for a consideration, the subsequent transfer shall be regarded as a resale provided (i) it involves a professional party or intermediary and (ii) the work is enrolled and registered in the Registry of Qualified Works to be maintained by the IPOPHL’s Bureau of Copyright and Other Related Rights. For lease, the same should be for a period of more than one (1) year and covered by a written agreement.

The resale royalty rate is up to Five Percent (5%) of the gross proceeds of the subsequent sale or lease, computed in accordance with a percentage rate table based on the gross selling price for the work, as provided in Memorandum Circular No. 2020-023. The resale royalty shall be paid to the author or his heirs within sixty (60) days from the date of the sale or lease of the work.

Claims or disputes arising from the application of the rules shall be filed with the IPOPHL’s Office of the Director of the Bureau of Copyright within one (1) year from the cause of action and shall be considered as filed upon payment of the required filing fee. The Director General of the IPOPHL shall have appellate jurisdiction upon filing by the aggrieved party of an appeal within thirty (30) days from receipt of the decision of the Director of the Bureau of Copyright. The decision of the Director General on the matter appealed to it shall be final.

---

<sup>1</sup> previously published in the newsletter of International Association for the Protection of Intellectual Property (AIPPI)

<sup>2</sup> Junior Partner, Villaraza & Angangco



Images of the *Tour Eiffel* taken by day are not protected by copyright. However, photos taken by night need an authorization in order to be published. It would appear that photographing Tour Eiffel by night is permitted, but posting them on social networks poses a problem due to the fact that under French law, this is not considered personal activity<sup>15</sup>.

For photographers this would mean there would be less public places to photograph or to photograph in without permission from the copyright owner. One will have to be cautious of what to capture in public spaces, license or share.

Here in the Philippines there is no copyright limitation akin to *Freedom of Panorama*.

Sections 172.1 and 186 the Intellectual Property Code provide protection for buildings and art works in public spaces from the moment of creation.

Pertinently, the following are among the protected works under Section 172.1 of the IP Code:

- (a) Works of drawing, painting, architecture, sculpture, engraving, lithography or other works of art; models or designs for works of art;
- (b) Original ornamental designs or models for articles of manufacture, whether or not registrable as an industrial design, and other works of applied art;
- (c) Illustrations, maps, plans, sketches, charts and three-dimensional works relative to geography, topography, architecture or science;

Section 186 of IP Code states “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”.

However, there is no law which mandates an exception for photography of works under copyright, specifically on buildings and art works in public spaces.

The provisions on *fair use*, Section 184 of the IP Code lists among others the following copyright limitations:

- (a) 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
- (b) 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 the name of the author, if appearing in the work, are mentioned;
- (c) 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.
- (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.

Conclusion:

To protect oneself against infringement liability, a photographer needs to be aware of (a) legal restrictions, (b) which constitute fair use, and (c) potential legal liabilities, which vary from country to country. It would not occur to most people that photographing in public spaces could be restricted.

In the Philippines it would be prudent to obtain the consent and written permission of the owner or architect of the building or artwork in public places to be photographed. It is advisable that the terms and extent of the permission be defined.

---

<sup>15</sup>*Freedom of panorama (FOP) in France and Germany, 01 May 2017, <https://www.dandi.media/en/2017/05/freedom-panorama-france-germany/>*

---

## The “First to file” and the “first to use” rule in trademark cases

by: Mr. Enrico Joseph Aguinaldo<sup>1</sup>

In the 2020 decided case of *Zuneca Pharmaceutical vs Natrapharm Inc.*<sup>2</sup>, the Supreme Court had the occasion to clarify that the doctrine of “prior user” and “first to file” doctrine in trademark cases.

Natrapham Inc. filed a Complaint against Zuneca Pharma wherein the former alleged that Zuneca's "ZYNAPS" is confusingly similar to its registered trademark "ZYNAPSE".

Zuneca Pharma has been selling a drug called carbamazepine under the brand name "ZYNAPS" in the Philippines which is not registered with the Intellectual Property Office of the Philippines (IPOPHL).

Natrapharm, on the other hand, manufactures and sells citicoline under the trademark "ZYNAPSE" which is registered with the IPOPHL.

The Supreme Court clarified that trademark ownership can only be acquired strictly through registration. The court strengthened its stand regarding good faith registration. Prior knowledge of a mark for the same business, whether or not it is registered will constitute bad faith, if such mark will be registered by the applicant. The Court explicitly ruled that marks filed in bad faith are void ab initio. A prior user in good faith has no civil, administrative, or criminal liability.

The Court stressed that Section 159.1 of the IP Code clearly contemplates that a prior user in good faith may continue to use its mark even after the registration of the mark by the first-to-file registrant in good faith, subject to the condition that any transfer or assignment of the mark by the prior user in good faith should be made together with the enterprise or business or with that part of his enterprise or business. In which the mark is used. The mark cannot be transferred independently of the enterprise and business using it.

While the law recognizes the right of the prior user in good faith to the continuous use of its mark for its enterprise or business, it also respects the rights of the registered owner of the mark by preventing any future use by the transferee or assignee that is not in conformity with Section 159.1 of the IP Code.

The application of Section 159.1 of the IP Code necessarily results in at least two entities—the unregistered prior user in good faith or their assignee or transferee, on one hand; and the first-to-file registrant in good faith on the other — concurrently using identical or confusingly similar marks in the market, *even if there is likelihood of confusion*.

Because of this case, there may be instances wherein prior users who are in good faith but failed to register a mark and a registrant in good faith be allowed to use a similar mark.

Since Natrapharm was the first to register in good faith, it may use "ZYNAPSE".

On the other hand, Zuneca may continue to use "ZYNAPS" and it will not be held liable for damages given that it is a prior user in good faith. Therefore, both marks can coexist.

Please see link for the full case: <https://sc.judiciary.gov.ph/14890/>.

---

<sup>1</sup> Legal Assistant, Sapalo Velez Bundang Bulilan law offices

<sup>2</sup> GR 211850, 8 September 2020

---

## The Philippine Food and Drug Administration (FDA) and the fight against counterfeit medicines

by: Mr. Enrico Joseph Aguinaldo<sup>1</sup>

Atty Emilio Polig<sup>2</sup> of the Philippine Food and Drug Administration (FDA) presented in a recent IPAP-sponsored webinar the agency's initiatives in the fight against counterfeit medicines

The FDA's mandate is to protect and promote the right to health of the Filipino people and to establish and maintain an effective health products regulatory system responsive to the country's health needs and problems.<sup>3</sup>

The FDA employs several initiatives and strategies to combat counterfeit medicines. The month of November is the anti-counterfeit drug month.

Counterfeit pharmaceutical products are those which either (a) contain the wrong ingredient; (b) those have no active ingredient; or (c) have the correct/active ingredients but in insufficient amounts.

Often, counterfeit pharmaceutical products are usually deliberately and fraudulently mislabelled.<sup>4</sup>

Atty. Polig identified some of causes of proliferation of counterfeit medicines to include constrained access to medicines, weak technical capacity and poor governance practices.

The FDA is again reminding the public to be more vigilant in buying drug products as it has noted that counterfeit pharmaceutical products have become prevalent in the local market.

The FDA warns that counterfeit pharmaceutical products pose serious threat to public health and safety. Their effectivity is unverified and questionable.

Aside from the risk that they may worsen illness and disease, they may also cause serious adverse health consequences, another disease, drug resistance, or worst, death.

Atty. Polig pointed out that there is a pending bill before congress which seeks to strengthen the law against those who produce counterfeit medicines.

Pharmaceutical companies are encouraged to file cases against counterfeiters of medicines.

For more information, you may visit [www.fda.gov.ph](http://www.fda.gov.ph).

**Disclaimer: The views and opinions expressed in the articles are those of the authors and do not necessarily reflect the official policy or position of IPAP.**

### Intellectual Property Association of the Philippines

Address: Unit 2304 A Tektite West Tower, Philippine Stock Exchange Center,  
Exchange Road, Ortigas Center, Pasig City, Philippines  
Tel. No.: 63 (2) 687 6443  
Fax No.: 63 (2) 687 6713  
Email: [mail@ipap.org.ph](mailto:mail@ipap.org.ph)  
Website: [www.ipap.org.ph](http://www.ipap.org.ph)

---

<sup>1</sup> Legal Assistant, Sapalo Velez Bundang Bulilan law offices

<sup>2</sup> Officer-in-Charge of the FDA Field Regulatory Office

<sup>3</sup> <https://www.fda.gov.ph/index.php/mandate-functions-and-officials/functions>

<sup>4</sup> <https://www.fda.gov.ph/intensified-campaign-against-counterfeit-pharmaceutical-products/>; Intensified Campaign Against Counterfeit Pharmaceutical Products, Food and Drug Authority Philippines