



APAA 2016 GROUP REPORT OF PHILIPPINES

Current Year Members: 76

A. IP Statistics Year 2015-2016

1. Number of applications filed with the Patent Office 2015-2016

Year	Patent	PCT	Utility Model	Trademark	Designs	Madrid	Plant Variety
2015	487	2,853	799	21,848	1,085	5,247	n/a
2016	315	1,707	664	15,012	946	2,663	

2. Domestic-Foreign Breakdown 2015-2016

2015

	Patent	Utility Model	Designs	Trademark	Plant Variety
Domestic	299	753	530	14,810	n/a
Foreign	3,041	49	555	12,285	n/a

2016

	Patent	Utility Model	Designs	Trademark	Plant Variety
Domestic	144	632	627	10,075	n/a
Foreign	1,878	32	319	7,600	n/a

3. Examination requests made, reports issued and waiting period 2015 to 2016

	First Action Waiting Time (in months) - 2015	First Action Waiting Time (in months) - 2016
Patent	27.74	29
UM		
Design	4.63	5
Trademark	2.24	2

*based on the report generated by IPOPHL Business Intelligence System dated 6 September 2016



B. Legislative Changes and Policy Update

1. PATENT

1.1. Major Changes and implications

No new law or amendment was enacted since year 2015.

1.2. Important Case Law

In Intellectual Property Association of the Philippines v. Ochoa,¹ the Supreme Court affirmed the validity and constitutionality of the President's ratification of the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks ("Madrid Protocol"). The Court also ruled that the Madrid Protocol is not in conflict with the Intellectual Property Code of the Philippines (IP Code).

Citing Commissioner of Customs v. Eastern Sea Trading² (the "Eastern Sea Trading case"), the Court distinguished between treaties and international agreements, which require the Senate's concurrence, on one hand, and executive agreements, which may be validly entered into without the Senate's concurrence. International agreements involving political issues or changes of national policy and those involving international arrangements of a permanent character usually take the form of treaties. The concurrence of Congress is required by our fundamental law in the making of "treaties." Treaties are formal documents which require ratification with the approval of two thirds of the Senate.

But international agreements embodying *adjustments of detail* carrying out well-established national policies and traditions and those involving arrangements of a more or less *temporary* nature usually take the form of executive agreements, which become binding through executive action *without* the need of a vote by the Senate or by Congress.

The Eastern Sea Trading case cited a Columbia Law Review article which in turn cites US jurisprudence. The Court noted that the registration of trademarks and copyrights have been the subject of executive agreements entered into without the concurrence of the Senate. Some executive agreements have been concluded in conformity with the policies declared in the acts of Congress with respect to the general subject matter.

1.3. Practice Note/Update

Memorandum Circular No. 15-001 issued by the Bureau of Patents modified the request forms for patent applications in relation to the submission of sequence listings in electronic format, specifically in Portable Document Format (PDF) with Optical Character Recognition (OCR) in respect of Office Order No. 14-196 series of 2014.

The changes to the forms include:

- *National Phase Entry Application Form and Divisional Application of a National Phase Entry Application Form*

¹ G .R. No. 204605, July 19, 2016.

² No. L-14279, October 31, 1961.



- Splitting the Sequence Listing item in Box XI. Checklist into “Sequence Listing (paper)” and “Sequence Listing (PDF OCR),” each accompanied by check boxes
- Addition of “Physical data carrier containing the Sequence Listing in PDF OCR” in Box XIII. Other Document(s)/Item(s) Included
- *Request for Grant of a Philippine Patent and Request for the Registration of a Utility Model*
 - Addition of “Sequence Listing (paper)” and “Sequence Listing (PDF OCR)” in Box No. VII. Checklist, each accompanied by check boxes
 - Addition of "Physical data carrier containing the Sequence Listing in PDF OCR" in the box referring to items accompanying the application.

The changes shall identify whether the Sequence Listings are submitted in paper or PDF OCR for the proper assessment of fees. The same also serves as the applicant's declaration that the Sequence Listings submitted in electronic format are in PDF OCR.

Revenue Memorandum Order (RMO) No. 27-2016 issued by the Bureau of Internal Revenue (BIR) provides the procedure for claiming tax treaty benefits for dividend, interest, and royalty income of non-resident income earners. This RMO applies to royalties derived from patent licensing

In lieu of the mandatory tax treaty relief applications (TTRA), preferential treaty rates for dividends, interests and royalties are granted outright by withholding final taxes at applicable treaty rates. In the event of future audit investigation, withholding agents should keep supporting documentary substantiation to support the claim for preferential treaty rates. For royalties, documentary support includes the original or certified true copy of the notarized Royalty Agreement, Technology Transfer Agreement, or Licensing Agreement, and when applicable, a certified copy of the Intellectual Property Office (IPO) registration.

2. DESIGN

2.1. Major Changes and implications

No major changes and implications.

2.2. Important Case Law

No important case law.

2.3. Practice Note/Update

The WIPO will conduct a pilot study on the use of Industrial Design in three Southeast Asian countries, namely Indonesia, Philippines and Thailand. These countries have posted the highest number of iD filings in the region. The Study aims to better understand the motivation behind securing industrial design rights and how this intellectual property instrument is being used in a dynamic business setting such as the Philippines.

As of date, the Philippines has not acceded to the Hague System but is expected to do so in 2018.



3. Trade Mark

3.1. Major Changes and implications

- Memorandum Circular No. 16-007: Revised Rules and Regulations on Inter Partes Proceedings

MC No. 16-007 took effect on 29 July 2016. Said Memorandum amended certain aspects of the procedures of Inter Partes cases. The salient provisions of which are the following;

a. **Rule 2. Section 5. Modes of Service**, enumerates the acceptable manners by which Copies of decisions, resolutions, final and interlocutory orders, notices, summons and other processes shall be delivered to the parties, i.e. via personal service, registered mail, courier service and other similar means as the Director General may deem appropriate.

It also identifies to whom such service shall be made:

- (i) to a party's legal counsel of record; or
- (ii) to the party's representative of record, if such party has no legal counsel; or
- (iii) if a party has no legal counsel or representative on record, to the address of a party as appearing in its pleadings or indicated in other relevant record of the IPOPHL.

b. Rule 2, Section 6 now grants the Hearing/Adjudication Officers authority to **issue and sign decisions and final orders**, a power that previously devolved upon the Director, (or the Committee of Three in petitions to cancel patents).

c. Rule 2, Section 7: For purposes of filing an opposition to a trademark application, the authentication of documents may be secured after the filing of the case provided that the execution of the same are done prior to such filing and provided further, that the authentication must be submitted before the issuance of the order of default or conduct of the preliminary conference under the Rules.”

d. Rule 2 Section 9 extends the maximum period to file a Verified Answer from a total of ninety (90) days, under the previous rules, **to one hundred and twenty (120) days**, provided that the proper motion citing meritorious grounds is filed and applicable fees are paid.

e. A new **Section 13 in Rule 2** is added, to read: “Section 13. Delay in the Filing of Pleading/Compliance. - In resolving issues involving delays in the parties' filing of pleadings and compliance to orders, the Bureau shall take into account allegations of fraud, accident, mistake and excusable negligence.

f. Rule 2, Section 13 is renumbered as Rule 2, Section 14, and is amended to read:

“Section 14. Raffle of Cases; Preliminary conference.- (a) If the respondent is in default, or if the case is not resolved or dismissed through ADR, the Director/Assistant Director shall raffle the case to the Hearing/Adjudication Officers.



(b) If the respondent is in default, the Hearing/Adjudication Officer shall, immediately after receiving the records of the case, issue the order of default and shall require in the said order the opposer or petitioner to submit or present within ten (10) days from receipt thereof the originals and/or certified copies of the affidavits, documentary evidence and object evidence, if necessary. The case shall be decided on the basis of the petition or opposition, the affidavits of the witnesses and the documentary or object evidence submitted by the petitioner or opposer.

(c) If the case was referred to but was not resolved or dismissed through ADR, the Hearing/Adjudication Officer shall, immediately after receiving the records of the case, issue an order setting the conduct of the preliminary conference for the purpose of facilitating the resolution of the case through stipulations, clarifications and simplification of issues, and the submission and/or presentation of the original or certified true copies of affidavits, documents, and other evidence if necessary. The parties themselves are required to appear during the preliminary conference. The presence, however, of a party during the preliminary conference may be dispensed with if said party is represented by counsel who must present and submit duly executed and appropriate power of attorney and other documents or proof of authority to represent a party and make admissions and/or to accept compromise proposals.

Upon the termination of the preliminary conference, the Hearing/Adjudication Officer shall issue an order in open court, requiring the parties to submit their respective position papers within 10 days from the issuance of the order in open court. The order shall be included in the minutes of the preliminary conference and shall form part of the records of the case.

The position papers shall take up only those matters and issues covered or alleged in the petition or opposition and the Answer, the supporting evidence, and those determined during the preliminary conference. No new matters or issues shall be raised or included in the position papers. A party who fails to attend the preliminary conference or represented by a counselor any other person without the necessary power of attorney or appropriate corporate authorization shall be deemed to have waived the right to submit position papers.”

- g. Rule 2, Section 16 specifies that the Hearing/Adjudication Officers must issue the decisions or final orders within 60 days from date the case is deemed submitted for decision.
- h. Section 2. *Period to file opposition*. A similar extension has been provided for the maximum period to file a Verified Notice of Opposition from a total of ninety (90) days, under the previous rules, to one hundred and twenty (120) days, provided that the proper motion citing meritorious grounds is filed and applicable fees are paid.
- i. The procedure for appealing a decision in an Inter Partes case has been amended under Rule 9, Section 2.

Within ten (10) days after receipt of the decision or final order, a Party may file an appeal **to the Director** together with the payment of the applicable fees.



After receipt of the appeal, the Director shall issue an order for the adverse party to file comment within a non-extendible period of ten (10) days. The Director shall decide on the appeal within thirty (30) days from the lapse of the period for the filing of a comment.

Within thirty (30) days after receipt of the decision by the Director, a party may file an appeal **to the Director General**.

(b) If a party refuses to receive a copy of the decision, final order or resolution or has moved out of the address it indicated in the pleadings or other records in the Bureau and/or IPOPHL, **the Bureau shall post the decision, final order or resolution in the IPOPHL website**. Within ten (10) days after posting the decision or final order in the IPOPHL website, the party concerned may file together with the payment of the applicable fees, the appropriate appeal.

3.2. Important Case Law

a. **3.2.1. UFC PHILIPPINES, INC. (now merged with NUTRI-ASIA, INC., with NUTRI-ASIA, INC. as the surviving entity), v. BARRIO FIESTA MANUFACTURING CORPORATION (G.R. No. 198889 January 20, 2016)**

Barrio Fiesta filed an application for the mark "Papa Boy & Device" for its lechon sauce in 2002. The brand is derived from the nickname of Bonifacio E. Ongpauco, Jr., one of Barrio Fiesta's incorporators. Nutri-[Asia](#), which merged with UFC, Nutri-Asia opposed the application, contending that "Papa Boy & Device" is confusingly similar with its own "Papa" marks, considering that its ketchup product and Barrio Fiesta's lechon sauce product are related articles that fall under the same Class 30. UFC trademarked the "PAPA" mark, first used in 1954 from the surname of Neri Papa, the original owner of the brand.

IPO ruled in favor of the respondent. The Court of Appeals, utilizing the holistic test, reversed the IPO's ruling.

The Supreme Court, ascribing to the dominancy test, ruled that a scrutiny of the competing marks would show that the IPO correctly found the word "Papa" as the dominant feature of petitioner's mark "Papa Ketsarap." Contrary to respondent's contention, "Ketsarap" cannot be the dominant feature of the mark as it is merely descriptive of the product. Furthermore, it is the UFC's "Papa" mark that has been in commercial use for decades and has established awareness and goodwill among consumers.

The SC agreed that "Papa Boy & Device" cannot be registered because this mark is related to a product, lechon sauce, an everyday all-purpose condiment and sauce, that is not subjected to great scrutiny and care by the casual purchaser, who knows from regular visits to the grocery store under what aisle to find it, in which bottle it is contained, and approximately how much it costs. Since petitioner's product, catsup, is also a household product found on the same grocery aisle, in similar packaging, the public could think that petitioner had expanded its product mix to include lechon sauce, and that the "Papa Boy" lechon sauce is now part of the "Papa" family of sauces.

Furthermore, the SC said that if "Papa Boy & Device" is allowed registration, confusion of business may set in, and petitioner's hard-earned goodwill may be associated to the newer product



introduced by respondent, all because of the use of the dominant feature of petitioner's mark on respondent's mark, which is the word "Papa."

The SC likewise ruled that the CA erred in finding that "Papa," being a common term of endearment for one's father, is a word over which petitioner could not claim exclusive use and ownership. The Merriam-Webster dictionary defines "Papa" simply as "a person's father." True, a person's father has no logical connection with catsup products, and that precisely makes "Papa" as an arbitrary mark capable of being registered, as it is distinctive, coming from a family name that started the brand several decades ago.

3.2.2. INTELLECTUAL PROPERTY OFFICE OF THE PHILIPPINES v. HON. PAQUITO OCHOA (G.R. No. 204605 July 19, 2016)

The IPAP (Intellectual Property Association of the Philippines) challenged the determination made by the Department of Foreign Affairs (DFA) Secretary that the Madrid Protocol was an executive agreement which only required ratification by the President. It argued that the Protocol was a treaty that required the concurrence of the Senate. Alternatively, IPAP argued that even if accession is declared constitutional, the Protocol's implementation was unconstitutional because it conflicts with Section 125 of Republic Act No. 8293, or the Intellectual Property Code of the Philippines (IP Code), which requires that foreign trademark owners seeking protection of their trademarks in the Philippines must file their applications with the IPO through a resident agent.

Upholding the constitutionality of President's ratification of the *Madrid Protocol*, the Supreme Court held that the Protocol is an executive agreement that does not require the concurrence of the Senate. The Court further held that "there is no conflict between the *Madrid Protocol* and the IP Code", as "[t]he method of registration through the IPOPHL, as laid down by the IP Code, is distinct and separate from the method of registration through the WIPO, as set in the *Madrid Protocol*."

3.2.3. GSIS FAMILY BANK - THRIFT BANK [FORMERLY COMSAVINGS BANK, INC.], v. BPI FAMILY BANK, (G.R. No. 175278, September 23, 2015)

GSIS Family Bank, formerly Comsavings Bank Inc., sought the Securities and Exchange Commission (SEC) approval to change its corporate name to "GSIS Family Bank, a Thrift Bank" to improve its marketability to the public. It likewise applied with the Department of Trade and Industry (DTI) and Bangko Sentral ng Pilipinas (BSP) for authority to use its business name. The DTI and the BSP approved the applications. Respondent BPI Family Bank was a product of the merger between the Family Bank and Trust Company and the Bank of the Philippine Islands. Since its incorporation, it has been commonly known as "Family Bank". BPI petitioned the SEC to disallow or prevent the registration of the name "GSIS Family Bank" or any other corporate name with the words "Family Bank" in it. BPI alleged among others that through the years, it has been known as "BPI Family Bank" or simply "Family Bank" both locally and internationally. As such, it has acquired a reputation and goodwill under the name, not only with clients here and abroad, but also with correspondent and competitor banks, and the public in general.

The SC ruled that there is a confusing similarity between the two names. The only words that distinguish the two are "BPI", "GSIS", and "Thrift". The first two words are merely the acronyms of the proper names by which the two corporations identify themselves; and the third word simply describes the classification of the bank. The overriding consideration was determining whether a person, using ordinary care, might be misled that the goods or business of one corporation are the same or substantially the same to that of another corporation.



The word “family” is not a generic mark which cannot be exclusively appropriated. The word “family” cannot be separated from the word “bank”. This coined phrase, neither being generic nor descriptive, is merely suggestive and may properly be regarded as arbitrary. Arbitrary marks are “words or phrases used as a mark that appear to be random in the context of its use. They are generally considered to be easily remembered because of their arbitrariness. They are original and unexpected in relation to the products they endorse, thus, becoming themselves distinctive”. Suggestive marks, on the other hand, “are marks which merely suggest some quality or ingredient of goods. The strength of the suggestive marks lies on how the public perceives the word in relation to the product or service”. By definition, there can be no expected relation between the word “family” and the banking business of respondent. Rather, the words suggest that respondent’s bank is where family savings should be deposited.

3.3. Practice Note/Update

- **IPOPHL Launches New Electronic Filing System**

The Intellectual Property Office of the Philippines (IPOPHL) launched its new electronic filing system known as the IPOPHL TM eFile as part of the World IP Day Celebrations, which started on 23 April 2016.

The IPOPHL eTMfile allows the online filing of new trademark applications 24/7 and is linked to three different payment channels. With IPOPHL eTMfile, applicants and IP agents need not go to the IPOPHL to file trademark applications.

IPOPHL eTMfile is one of the new initiatives to modernize the eServices for use by IPOPHL stakeholders.

The IPOPHL eTMfile is linked to two other tools—ASEAN TMclass, which makes the classification of goods and services much easier, and National IPOPHL TMview, allowing the generation of preliminary search reports that applicants may use as reference prior to filing. IPOPHL eTMfile also has another new feature which makes possible the submission of documents, such as the special power of attorney, request for priority examination, declaration of actual use, together with the online application.

4. Copyright

4.1. Major Changes and implications

There are no significant changes in the legislative and procedural landscape of copyright protection and enforcement in the Philippines. However, from 2015 to 2016, the Supreme Court of the Philippines promulgated certain notable decisions involving copyright enforcement cases, thereby enriching the field of copyright law.

4.2. Important Case Law

4.2.1. In *Rappler, Inc. v. Bautista*,³ the Supreme Court ruled that the online streaming of the “Presidential Debates” organized and produced by private media networks does not constitute copyright infringement, and is allowed under Section 184 of Republic Act No. 8293 (“Philippine IP

³ G.R. No. 222702, 5 April 2016



Code”). *Rappler* involved a petition for *certiorari* and prohibition filed by the online media company Rappler, Inc. against the Chairman of the Commission on Elections (“COMELEC”), seeking to nullify a contractual provision in the Memorandum of Agreement (“MOA”) signed by COMELEC and nine (9) media networks, including the petitioner, for the conduct of televised debates among the presidential and vice-presidential candidates during the recently concluded 2016 Philippine national elections. A provision in the MOA limited the online streaming of said debates only on the respective web sites and social media sites of the “Lead networks”, i.e., the media companies which produced the debates, thereby preventing Rappler from streaming it on its website. The Supreme Court partially granted the petition, and held that as long as the copyright limitations imposed under Section 184.1 (c) of the Philippine IP Code are complied with, the information — in this case the live audio of the debates — will form part of the public domain, and the press may freely disseminate or reproduce said live audio. Under Section 184.1 (c) of the Philippine IP Code, the reproduction or communication to the public thru online streaming of a copyrighted content is allowed, as long as (1) such communication is for information purposes only; (2) the copyrighted material was not expressly reserved by the copyright holder (in this case, the Lead Networks); and (3) the source is clearly indicated.

4.2.2. In *Olaño v. Lim Eng Co*,⁴ the Supreme Court reiterated the rule that copyright protection covers only the expression of an idea, but not the idea itself, or the art disclosed. Moreover, a “useful article” (defined as an article “having an intrinsic utilitarian function that is not merely to portray the appearance of the article or to convey information”) is, as a rule, *excluded* from copyright eligibility. The only instance when a useful article may be the subject of copyright protection is when “it incorporates a design element that is physically or conceptually separable from the underlying product.” This means that the utilitarian article “should be able to function without the design element. In such an instance, the design element is eligible for copyright protection.” Thus, the Supreme Court ruled that the hatch doors subject of this case, being an object of utility with no design elements that are physically and conceptually separable, independent and distinguishable from the hatch door itself, is not the proper subject of copyright. Hence no copyright infringement is committed by the petitioners in manufacturing similar hatch doors.

4.2.3. In *Microsoft Corp. v. Manansala*,⁵ the Supreme Court struck down a Court of Appeals decision which held that the legislative intent behind Presidential Decree No. 49⁶ was to require that the computer programs be first “photographed, photo-engraved, or pictorially illustrated” as a condition for the commission of copyright infringement. The Supreme Court clarified that the mere sale of the illicit copies of the software programs was enough by itself to commit copyright infringement, and to establish probable cause for purposes of criminal prosecution for copyright infringement.

⁴ G.R. No. 195835, 14 March 2016

⁵ G.R. No. 166391, 21 October 2015

⁶ The old Copyright Law in force prior to the effectivity of the Philippine IP Code.



4.2.4. In *ABSCBN Corp. v. Gozon*,⁷ a petition for *certiorari* from a decision of the Court of Appeals sustaining the withdrawal of criminal charges for copyright infringement against the respondents, the Supreme Court clarified important concepts on copyrightable material in relation to live rebroadcast of news stories, as well as whether criminal prosecution for infringement of copyrightable material can be negated by the defense of good faith. In this case, the Supreme Court ruled that *news footage* is copyrightable material. While it is true that under Section 175 of the Philippine IP Code, “news of the day and other miscellaneous facts having the character of mere items of press information” are considered unprotected subject matter, the *expression* of such news of the day, particularly when it underwent a creative process, is entitled to protection. Thus, news, or the event itself is not copyrightable. But an event that is captured and presented in a specific medium, e.g., a television news footage, is an *expression* of the news which involves “creative process and originality” (thru use of framing shots, images, graphics, and sound effects), and hence copyrightable. Since the petitioner is the owner of the news footage—a copyrightable material—and since it was not disputed that the respondents used such news footage without the former’s consent, there exists probable cause to indict them for copyright infringement.

The Supreme Court likewise clarified that “infringement under the Intellectual Property Code is *malum prohibitum*”, and criminal intent is completely immaterial for purposes of prosecution. Said the Supreme Court, “[u]nlike other jurisdictions that require intent for a criminal prosecution of copyright infringement, the Philippines does not statutorily support good faith as a defense.” Thus, one does not need to know that he or she is copying a copyrighted work without consent of the owner in order to violate copyright law.

4.3. Practice Note/Update

None

C. Proposed Legislative Changes

None at the moment.

D. Others (Geographical Indications/Plant Variety/etc)

Anti-Counterfeiting

There are no changes to Philippine law or on relative practices or procedures on anti-counterfeiting.

E. Special Event organized by Recognized Group

The 2016 annual general membership meeting of the Intellectual Property Association of the Philippines (IPAP), Philippine Recognized Group of the APAA, was held on 28 January 2016 at the SyCipLaw Center. At the annual meeting, the President reported the representatives to the Standing

⁷ G.R. No. 195956, 11 March 2015



Committees and the Philippine delegation to the 17th General Assembly held in Okinawa, Japan. A total of 47 attendees from the Philippine Group joined the said convention.

The Philippine Group organized an IP Summit held on 12 August 2016. The topics were *“In Search for Jurisprudential Compass in Unfair Competition and Trademark Infringement Litigation: Dominancy and Holistic Test”* by Supreme Court Justice Diosdado M. Peralta, and *“Competition Law and its impact on Intellectual Property rights”* by Mr. Anthony Abad.

F. International Events Attended on behalf of Recognized Group

Ms. Aleli Angela G. Quirino and Mr. Joaquin Sayoc represented the Philippine Group at the AIPPI World Congress held in Rio de Janeiro, Brazil on 10-14 October 2015. Other Philippine members also attended the said international conference. Rowanie Nakan, from the Philippine Group served as panelist in Pharma Session I.

G. Future Events Planned by Recognized Group

The next Annual General Membership meeting will be held in January 2017. Anther IP Forum is slated to be held before the year ends.

H. Contributed by

ARTURO T. DEL ROSARIO, JR.
President, Philippine Group of APAA

