



Intellectual Property Enforcement Guide: Philippines



Although IP laws and regulations in the Philippines are already among the most stringent in the region, the region suffers from various IP protection problems.

There are challenges posed by gaps in the current legal framework, lack of awareness of IPR, and corruption. Its legal system is US-based and the Philippines is a WTO member. Most IP enforcement takes place in Metro Manila but other areas, such as Cebu and Davao City, are also of interest in view of their commercial importance.

Introduction to the Philippines

The Philippines, with its over 106 million people spread over 7,641 islands, high English language penetration, and close relationship with the United States, is a rapidly developing market in South East Asia. Metro Manila, where the central business districts are located, has a population of over 12 million.

IP Rights and IP Laws

Copyright, trade marks, including well-known marks, registered designs, utility models and patents are protected in the Philippines. Trade secrets are recognised as IPs but are left to the be protected pursuant to contractual agreements of the parties. Geographical indications (GIs) are also recognised. There is no separate system yet to register GIs but the implementing regulations for GIs should be issued soon (as of this writing, it is pending the signature of Secretary of the Department of Trade and Industry). In the meantime, GIs may be registered as trade marks. In addition, there is protection against unfair competition at both the civil and criminal level. IPRs are registered at the Intellectual Property Office. The Intellectual Property Code of the Philippines (Republic Act 8293, as amended by Republic Act No. 10372) is a unified IP law that governs all intellectual property matters.

Forum

IP cases, whether civil or criminal, are filed in Special Commercial Courts (SCCs), which also hear other types of commercial case. The expectation is that these courts have built up expertise in IP and other commercial issues.

The IPOPHL also has the Bureau of Legal Affairs, which has administrative jurisdiction to hear IP complaints.

Investigation

Most counterfeit/pirated goods sold in the Philippines are imported from China. Investigations are crucial to determine the steps to take in enforcement. This involves assessing the target and the extent of its operations and securing evidence of infringement. The investigation work may cover online or offline market surveys, site visits, trap purchases, in-depth investigation, and surveillance.

Enforcement Bodies

Criminal IP cases can be brought by the National Bureau of Investigations (NBI) or the Philippines National Police (PNP) on complaint from an IP holder. Cases are prosecuted by the Department of Justice prosecutors. The Bureau of Customs has authority to detain and seize infringing imports and exports at the borders. It can also seize counterfeit and mis-declared goods inland.

The Intellectual Property Office of the Philippines (IPOPHL) has the IP Enforcement Office (IEO), which may be sought for assistance in complaints involving counterfeits and pirated goods. The IEO may issue notices to warn entities against their infringing actions and also conduct visits. They can also refer the complaint to other government agencies, such as NBI and PNP for case build up.

Criminal & Civil IP Enforcement

Raid Requirements

In case a criminal raid action is needed, the following requirements should be prepared:

- enforcement Power of Attorney (notarised and legalised/apostilled);
- certified copies of registration certificates
- Letter of request addressed to the NBI/PNP
- evidence of counterfeiting (actual samples together with sales invoice/official receipt gathered from investigations);
- affidavits of investigator/s and NBI/PNP;
- genuine samples of products for comparison purposes; and
- a product expert (preferably local) who will attest on the genuineness of the products.

The search warrant application must be filed before a SCC of the locality where the raid will be conducted, with the exceptions of SCCs in Quezon City, Makati, Pasig, Manila, Baguio, Iloilo, Cebu, Cagayan de Oro, and Davao City, which are authorised to issue search warrants that are enforceable nationwide.

The judge must be satisfied by the evidence that there is probable cause that infringing acts are being committed.

Raid actions are usually suggested for distributor cases. We have a network of market spotters and informants who can develop investigation leads for such actions. Raids of retail shops are rarely cost-effective, but can nevertheless send a strong message to the market, especially if the raid is conducted in a hotspot.

Another consideration in a raid action is storing the counterfeit goods pending the filing of a criminal complaint and/or pending the criminal case. Storage charges can build up over time. Thus, securing the immediate destruction of the seized items is the critical next step after conducting the raid.

Settlement

After a raid, IP holders have been able to reach settlements with the infringers, which include the following terms:

- consent of the infringer to the destruction of the infringing goods;
- signed undertakings from the infringer;
- identification of the supplier and/or manufacturer of the infringing goods;
- a public apology by the infringer;
- payment of damages; and
- withdrawal of the complaint and release of the infringer.

Settling the case is one way to avoid lengthy criminal prosecution and to ensure immediate destruction of the seized infringing goods.



Criminal Prosecution

Per the 2020 Revised Rules of Procedure for Intellectual Property Cases (the “2020 Revised Rules”), if no criminal complaint is filed within 60 days from the filing of the complaint, SCCs may require the IP holder to show cause why the search warrant should not be quashed. As such, IP holders are recommended to pursue a criminal action against infringers that refuse to cooperate after a raid action. This is initiated by filing a complaint before the Department of Justice (DOJ).

The complaint will be evaluated by a public prosecutor in two to three preliminary investigation hearings. If the public prosecutor confirms that there is probable cause that violation of the IP Code is committed, a criminal information will be accordingly filed before the courts.

Once the information has been raffled to a SCC, the criminal court action will schedule the arraignment of the infringer and the criminal process will take its course. It is usual for the infringers to abscond, which results in cases being archived. In some instances, the infringers will challenge every step of the proceeding and/or request for postponements to prolong the case and avoid jail time.

Civil Enforcement

Civil actions for IP infringement are filed at the SCCs and the main goal is to recover damages from the infringer. This is recommended only if the IP owner has evidence of the profit of the infringer for the infringement, which can be shown to the court. Civil cases also take years to reach first instance decision.

Administrative Enforcement

The Bureau of Legal Affairs of the Intellectual Property Office of the Philippines has jurisdiction over administrative complaints for IP violations, provided the total damages claim is over approximately US\$4,000.

The procedure is similar to a civil action. The parties exchange complaint, answer, and such other pleadings as may be allowed by regulations. The remedies are also similar to a civil action, which include injunctions, attachments, condemnation of infringing products as well as payment of damages and administrative fines.

Warning letter programs

Warning letters can be effective against legitimate businesses, especially when this is combined with persistent chaser calls. We employ this method to resolve cases without the need to go to court. This is also appropriate when the dispute involved is not for an outright counterfeiting matter, *e.g.*, unfair competition issues or confusingly similar use of registered mark are involved.

Among the demands included in our warning letter is for the target to sign an undertaking. While signed undertakings are rarely secured, nevertheless, the warning letter and repeated chaser calls are sufficient deterrent to the targets to refrain from further selling infringing products.

Our team is highly trained in handling warning letter programs that will generate the desired results.



Online Enforcement

Our team runs multiple forms of online monitoring and takedown programs. We conduct online surveys and monitoring, trap purchase from online targets, and transitioning the online work to offline investigations. Our team also handles takedown programs in various online shopping platforms.

The time limit for the suspension is ten (10) working days from the date the suspension decision is issued. It can be extended for a further ten (10) days in case the customs need to consult IP experts' opinions. Upon expiration of the suspension period, Customs must:

- issue a decision to accept the case according to administrative procedures once confirmation is done of the suspended infringing goods;
- issue a decision on detention of goods in case there are sufficient grounds to determine the suspended infringing goods;
- impose administrative sanctions and remedies if there are sufficient grounds to determine the suspended infringing goods; and
- transfer the case to the EP for investigation and criminal prosecution if the value of counterfeits meets the threshold for criminal prosecution.

Upon expiration of the suspension period, if the IPR holders do not initiate a lawsuit or Customs does not accept the case in accordance with administrative violation handling procedures, Customs will resume the customs procedures for the consignment.



Border Protection

Customs Recordal

The first step in border protection is to secure the customs recordal of the IP before the Bureau of Customs (BOC). The application process requires several documents, including certified copies of registrations of IPs, and information about the legitimate channels of distribution from the IP owner.

The customs recordal is effective for a two-year period, which is renewable.

The customs recordal is crucial in introducing the brand to the BOC. The BOC is expected to refer to the customs recordal if the IP is affected in a seizure/raid action by the BOC. The IP owner, in turn, is expected to provide assistance to the BOC through issuing certifications whether or not an item seized is genuine.

Brand familiarity training

The BOC also entertains brand familiarity training opportunities for their frontline personnel. This is encouraged in order to encourage brand recall among the BOC officials and personnel. This is especially suggested to be implemented in ports where counterfeits are reported to have passed through.

Raid action by the BOC

Majority of the raids conducted by the BOC are inland, as they can raid any establishment provided the same is not a residential building or a dwelling area. The BOC relies on intelligence from the IP owners about incoming shipment of counterfeits to conduct seizures at the border.



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