

Q&A: PATENTS IN THE PHILIPPINES

13 January 2012

A guide to filing, protecting and defending patents in the Philippines by Sapalo Velez Bundang & Bulilan

1. What are the procedures for filing patent applications in your jurisdiction?

The Philippines follows the first-to-file rule. Upon receipt of a request form for the granting of a Philippine patent containing the name and address of the applicant and the resident agent, the specification and claim and drawings, if any, the Intellectual Property Office (IPO) issues an acknowledgment receipt containing the application number and official filing date.

Priority date may be claimed based on a previous application for the same invention filed in another country, which by treaty, convention or law affords similar privileges to Filipino citizens. The priority date is the date when the foreign application was first filed.

Once the acknowledgment receipt is issued and the required fee has been paid, compliance with the other requirements, also listed below, will be checked. Upon compliance, the application will be classified and a search will be conducted to determine the prior art. The application will then be published electronically in the IPO's e-Gazette, with a search document citing prior art documents after 18 months from the filing date or priority date. For urgent cases, advance publication may be requested for a fee.

Within six months of the date of publication, a request for substantive examination may be filed, in order to determine whether a patent application meets the requirements of patentability. If the application meets the requirements, and no adverse information is filed by a third party, a patent may be granted, and this grant will be published in the e-Gazette.

In addition, the Philippines is a PCT signatory so the applicant may designate the country in an international PCT application. Upon entry to the national phase, the application, received by the IPO as a designated office will have the same filing or priority date as the international application.

The additional documents for a formality examination are an abstract, the details of the priority claim including the filing date, file number, country of origin, the authority to file such as the assignment document, or proof of authority if the applicant is not the inventor, and the power of attorney for the resident agent.

2. How long will it take to register a patent and what are the standard costs?

It takes an average of two to three years from the filing date of the application in the Philippines to register a patent. This takes into account the waiting period of 18 months from the filing date or priority date before the application is published electronically in the e-Gazette.

The standard costs for a patent application are the basic government filing fee of \$90.90, the excess claim fee of \$7.58 per claim, and the substantive examination fee of \$88.38. The standard professional fee is \$400.00.

3. What is the scope of patent protection in your jurisdiction?

The scope of patent protection is defined by the claims, which are to be interpreted in the context of the description and drawings. In determining the extent of the protection conferred by the patent, the element that is equivalent to the element expressed in the claims will be considered, so that a claim is considered to cover not only all the elements expressed therein, but also the equivalents.

4. Is there substantive examination and if so what is typically the nature and extent of correspondence with the patent examiner?

Yes, there is a substantive examination in the Philippines. A request for substantive examination should be filed within six months of the publication date of the application in the Official Gazette or six months from the date of filing in the Philippines for PCT national phase applications. The substantive examination covers all aspects of patentability of the application from the requirement of novelty, inventive step and industrial applicability, including the technical aspect in the language of the patent claims. The correspondence with the patent examiner contains amendments and arguments to overcome the rejection or objections raised by the patent examiner in his office actions.

5. What are the requirements on obviousness and inventive step?

For an invention to be patentable it should not be obvious to the person skilled in the art. In other words, an invention involves an inventive step if it is not obvious to a person skilled in the art at the time of the filing date or the priority date of the application claiming the invention.

6. What types of inventions or ideas can be patented? Are there any notable or unusual exceptions?

Any technical solution of a problem in any field of human activity which is new, involves an inventive step and is industrially applicable can be patented. The invention may be, or may relate to a useful machine, a product or process or an improvement of a micro-organism, and non-biological and microbiological processes.

The following are excluded from patent protection:

- discoveries, scientific theories and mathematical methods;
- schemes, rules and methods of performing mental acts, playing games or doing business, and programs for computers;
- methods for treatment of the human or animal body by surgery or therapy and diagnostic methods practiced on the human or animal body --- this provision shall not apply to products

- and composition for use in any of these methods; and
- plant varieties or animal breeds or essentially biological process for the production of plants or animals – this provision shall not apply to micro-organisms and non-biological and microbiological processes.

Provisions under this subsection do not preclude Congress from considering the enactment of a law providing *sui generis* protection of plant varieties and animal breeds and a system of community intellectual rights protection; aesthetic creations; and anything which is contrary to public order or morality.

7. How can you appeal a denied application? Are there any time limits on making an appeal?

A denied application can be appealed to the director of patents by filing a petition or a notice of appeal and the payment of the required fee within two months of the mailing date of the action subject of the petition or appeal. The various grounds upon which the petition or appeal is taken must be specified and it must be signed by the petitioner or appellant or by his attorney of record. The period shall in no case exceed the maximum period of six months from the mailing date of the action subject of the petition or appeal.

Within two months, without extension, of the date of filing of the notice of appeal, an appellant's brief of the authorities and arguments on which he relies should be filed.

8. Is it possible to file pre-grant or post-grant oppositions and if so how do these work?

There is no pre-grant or post-grant opposition in the Philippines. However, after the publication of the application, any person may present observations in writing concerning the patentability of the invention. Such observations shall be communicated to the applicant who may comment on them. The IPO acknowledges and puts such observations and comments in the file of the application to which it relates.

9. What is the process for modifying patents?

Patents may be modified by filing a request to the Bureau of Patents to make changes in the patent in order to: limit the extent of protection conferred by it; correct obvious mistakes or to correct clerical errors; and correct mistakes or errors, other than the foregoing, made in good faith, provided that, where the change would result in broadening of the extent of the protection conferred by the patent, no request may be made after the expiration of two years from the grant of a patent and the change shall not affect the rights of any third party which has relied on the patent, as published.

10. Is there anything else about the filing system in your jurisdiction that patentees should be aware of?

None.

11. How can patents be enforced in your jurisdiction? What options do patent owners have?

Only civil or administrative action may be filed against the infringer. However, if there is a repetition of infringement, a criminal action may already be filed against the infringer.

Investigation and surveillance

Investigation and surveillance may be done by a private investigating agency or by the National Bureau of Investigation.

Application for issuance of writ of search and seizure

The patent holder, or his duly authorised representative, may apply *ex parte* before the proper special commercial court for the issuance of a writ of search and seizure instructing the alleged infringing defendant in a pending civil action for infringement, or the expected adverse party where an action has not yet been started, to admit onto his premises the persons named in the order and to allow the search, inspection, copying, photographing, audio and audiovisual recording or seizure of any document and article specified therein.

The search and seizure order may be issued upon proof of the following:

- that the applicant, or his duly authorised representative is the right holder;
- that there is probable cause to believe that the applicant's right is being infringed or that such infringement is imminent and there is a *prima facie* case for final relief against the alleged infringing defendant or expected adverse party;
- that the damage, potential or actual, likely to be caused to the applicant, is irreparable;
- that there is demonstrable risk that the alleged infringing defendant or expected adverse party may destroy, hide or remove the documents or articles before any application *inter partes* can be made; and
- that the documents and articles to be seized constitute evidence of the alleged infringing defendant's or expected adverse party's infringing activity or that they infringe upon the IP rights of the applicant or that they are used or intended to be used as means of infringing the applicant's IP right.

If no action is filed with the proper court after implementing the search and seizure within 31 calendar days of the date of issuance of the writ, the writ shall be set aside and the seized articles shall be returned to the adverse party.

Administrative complaints for violation of patents:

An administrative complaint is issued by filing a verified complaint with the Bureau of Legal Affairs of the IPO, within four years of the date of commission of the violation, or if the date is unknown, from the date of the discovery of the violation.

Civil action for infringement

The patent owner may bring a civil action before a regional trial court designated as a special commercial court to recover damages sustained from the infringer, attorney's fees and other expenses of litigation and to secure an injunction for the protection of his rights. Damages may be recovered for acts of infringement committed in the four-year period before the civil action is instituted.

Criminal action for infringement

Without prejudice to the institution of a civil action for damages, a criminal action may be filed before the special commercial court if an infringement is repeated by the infringer, or by anyone in connivance with him, after finality of the judgment of the court against the infringer. The criminal action will be prescribed within three years of the date that the crime was committed.

12. Are there some types of patents that are harder to enforce than others?

Patents for methods and processes are harder to enforce than product patents in view of the nature of the patents and in the restricted access to the premises of the infringers where the methods and processes are being carried out.

13. Where does the burden of proof lie for infringement allegations?

The burden of proof lies with the patent owner who claims that his patent is being infringed. However, if the subject matter of a patent is a process for obtaining a product, any identical product shall be presumed to have been obtained through the use of the patented process if the product is new or there is a substantial likelihood that the identical product was made by the process and the owner of the patent has been unable despite reasonable efforts, to determine the process actually used.

In ordering the defendant to prove that the process to obtain the identical product is different from the patented process, the court shall adopt measures to protect, as far as practicable, his manufacturing and business secrets.

14. What are the typical remedy options for infringement? How are damages awards calculated?

The typical remedy options for infringement are:

- a temporary restraining order for a limited period of 20 days;
- a preliminary injunction while the case is pending;
- a permanent injunction during the term of the patent; and
- an award of damages.

Damages awards are calculated based on the actual damages suffered by the patent owner by reason of the infringement. If the damages cannot be readily ascertained with reasonable certainty, the court may award by way of damages a sum equivalent to reasonable royalty. According to the circumstances of the case, the court may award damages in a sum above the amount found as actual damages sustained, provided that the award does not exceed three times the amount of such actual damages.

15. How can you appeal an enforcement decision? How long and how costly is the process?

Decisions of the director of the Bureau of Legal Affairs in administrative complaints

The decisions or final orders of the bureau director will become final and executory after 30 days of receipt of a copy thereof by the appellant unless, within the same period, a motion for reconsideration is filed with the bureau director or an appeal to the director general has been issued by filing an appeal memorandum.

The decision or order of the director general will be final and executory 15 days after receipt of a copy thereof by the parties unless appealed to the Court of Appeals.

The decision of the Court of Appeals may be appealed to the Supreme Court by filing a petition for review within 15 days of the notice of the judgment or final order or resolution appealed from, or of the denial of the petitioner's motion for new trial or reconsideration.

Decision of the special commercial court in civil actions

Patent owners may appeal to the Court of Appeals by filing a notice of appeal with the Special

Commercial Court that rendered the decision within 15 days of the notice of judgment or final order appealed to, and serving a copy thereof upon the adverse party. The period provided may be interrupted by a timely motion for new trial or reconsideration filed within this period.

The decision of the Court of Appeals may be appealed to the Supreme Court by filing a petition for review within 15 days of the notice of the judgment or final order or resolution appealed to, or of the denial of the petitioner's motion for a new trial or reconsideration.

Decision of the Special Commercial Court in criminal actions

Similarly, a patent owner may appeal to the Court of Appeals by filing a notice of appeal with the Special Commercial Court that rendered the decision within 15 days of the promulgation of the judgment or from notice of the final order appealed to, and serving a copy thereof upon the adverse party. The period provided may be suspended from the time a motion for new trial or reconsideration is filed until notice of the order overruling the motion has been served upon the accused or his counsel, at which time the balance of the period begins to run.

Finally, a decision of the Court of Appeals may be appealed to the Supreme Court by filing a petition for review within 15 days of the notice of the judgment or final order or resolution appealed to, or of the denial of the petitioner's motion for a new trial or reconsideration.

16. Who holds the burden of proof for patent invalidity claims?

A patent issued in the Philippines enjoys the presumption of validity until it is cancelled or invalidated. Any person who seeks to invalidate the claims of the patent holds the burden of proof.

17. What kind of expertise does your patent court system hold?

Patent cases are tried in special courts known as special commercial courts or at the bureau of legal affairs of the IPO. The judges in these courts undergo special training and seminars in handling patent cases.

18. Who can act in a litigation case in court?

Only lawyers who are members of the Philippine Bar in good standing can act as lawyers in a litigation case in court. Foreign lawyers who have the expertise on the subject matter can only act as expert witnesses or consultants.

19. What are the alternatives to litigation in courts?

To expedite the disposal of its IP cases, the IPO promulgated the rules of procedure for IPO mediation proceedings which took effect on October 21 2010. The cases covered by these new rules include, among others, administrative complaints for IP rights violations, *inter partes* proceedings such as opposition and cancellation cases involving patents and trade marks, cases appealed to the Office of the Director General (ODG) from the decisions of the Bureau of Legal Affairs (BLA), and disputes relating to the terms of licences involving the author's rights to public performance or other communication of his work.

Under these rules, the referral of cases pending before the bureau of legal affairs and the office of the director general is mandatory. Once referred to mediation, adjudication will be suspended until the mediation office sends the case back for resumption of the proceedings. The parties are given 60 days, which is extendible for another 30 days, to settle their dispute. If no agreement is reached, the mediation will be terminated.

The failure of the party who filed the case to appear before the mediation is a ground for the dismissal of the case. The respondent may be declared in default if he fails to participate in the mediation proceedings.

The entire proceeding under the mediation office is confidential and any admissions and statements made during mediation are inadmissible in a proceeding, unless specifically provided otherwise by law. Subject to contempt and other sanctions, the parties are not allowed to pass on any information obtained in the course of the mediation proceedings to any person or to mention them through other means. If any of this information is cited in any document or pleading of the case, it may be expunged from the records.

20. Are there any other issues relevant to your jurisdiction?

None.

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Neptali Bulilan is a senior partner in Sapalo Velez Bundang and Bulilan law firm. He heads the prosecution of patent and trade mark applications and the litigation of patent cases. He is a licensed mechanical engineer and a practising patent lawyer. He worked as senior patent examiner and hearing officer at the Bureau of Patents, Trademarks and Technology Transfer from 1979 to 1991 before he engaged in private practice. He completed trainings and seminars on patents and trade marks conducted by the Australian Patent Office, Japan Patent Office, European Patent Office, University of London, and Robert Schuman University in Strasbourg, France. He is an active officer of the Philippine Association of Certified Patent Agents (PACPA); director of Philippine Society of Mechanical Engineers (PSME); foreign member of the American Intellectual Property Law Association (AIPLA); Integrated Bar of the Philippines; Associate member, Chartered Institute of Arbitrators. He was outstanding president of the Rotary Club of Marikina North, District 3800 from 2006 to 2007; a knight of the Knights of Columbus, council 6681; and an assistant governor of Rotary District 3800 (2011-2012).

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