

Title:

Pending Legislations Strengthening Philippine IP Laws

Brief overview:

Pending bills in the Philippines propose significant intellectual property reforms. These aim to expand the IPOPHL's enforcement powers, introduce a provisional patent application system to secure earlier filing dates, and create a framework for website blocking with stricter penalties to combat digital piracy.

Article:

Patent laws in the Philippines have consistently been reviewed by the legislature in efforts to remain relevant and responsive to the evolving social, economic, and political climate of the country. Among the pertinent pending legislations on patent laws are Senate Bill Nos. 2385 and 2326, and House Bill No. 2672.

1. Senate Bill No. 2385 (“Bill 2385”)

Bill 2385 expanded the enforcement functions of the Intellectual Property Office of the Philippines (“IPOPHL”) to include intelligence gathering, visitations, data collection, and enforcement actions in relation to violations of intellectual property rights.

The proposed enforcement functions under Bill 2385 are the following:¹

“53. The Office shall perform the following enforcement functions:

(A) Gather intelligence information related to the violations of this Act, conduct inquiry and investigation, and develop effective countermeasures to deter counterfeit or pirated goods or content;

(B) Conduct visits during reasonable hours to establishments and businesses of activities suspected to be in violation of this Act in accordance with the procedures prescribed herein;

(C) Develop a database of pending cases involving violations of this act;

(D) Undertake any or all of the following enforcement actions;

xxx

(3) Recommend that the concerned local government unit and/or other government agency cancel licenses and business permits of establishments or businesses for engaging in selling or making available to the public counterfeit or pirated goods or file charges against the respondents for violation of applicable laws, rules or regulations;

xxx

¹ Section 2, An Act Amending the Powers and Functions of the Intellectual Property Office of the Philippines, amending for the Purpose Republic Act No. 8293, as amended, otherwise known as the Intellectual Property of the Philippines, Senate Bill No. 2385, Senate of the Philippines, 19th Congress, 2nd Regular Session (hereinafter referred to as “**SB 2385**”).

(G) Conduct monitoring activities related or relevant to intellectual property rights enforcement; xxx”²

Bill 2385 proposes to increase the penalties that the Bureau of Legal Affairs (“BLA”) can impose in case of violation of intellectual property rights, including rights granted to a patent holder. Particularly, the basic administrative fine of ₱5,000.00 to ₱150,000.00, and the daily fine of not more than ₱1,000.00 for the continuing violation, increasing the fine to ₱100,000.00 to ₱1,000,000.00, and ₱10,000.00, respectively.³

2. Senate Bill No. 2326 (“Bill 2326”) and House Bill No. 2672 (“Bill 2672”) (collectively, the “Bills”)

Bill 2326 was proposed in response to the ratification of the Regional Comprehensive Partnership Agreement (“RCEP”) on 21 February 2023. The RCEP is a free trade agreement that aims to provide protection and improve the enforcement of intellectual property rights, which shall ultimately contribute to the promotion of technological innovation and to the transfer and dissemination of technology.⁴

In compliance with the intellectual property provisions of the RCEP, Bill 2326 proposed the amendment of certain provisions of the Intellectual Property Code of the Philippines or Republic Act No. 8293, as amended by Republic Act Nos. 9150, 9502, and 10372 (“RA 8293, as amended”), in relation to patents and the powers of the IPOPHL. Specifically, Bill 2326 introduced the amendments discussed below.

Bill 2672 was likewise submitted before the House of the Representatives, and it is now pending with the Committee on Trade and Industry, which proposes essentially the same amendments as discussed below.

Provisional Patent Application

A provisional patent application (“PPA”) is a temporary patent application, which is filed for purposes of establishing an early filing date. It shall then be replaced by a patent application if the latter is filed within 12 months from the filing date of the PPA and complies with all the requirements set by law.⁵ Notably, a PPA is not recognized under RA 8293 and is a new term under the proposed Bills.

As for the contents of a PPA, the Bills require that the following documents to support the PPA:

“32A.2. A provisional patent application shall contain the following:

- a. Request Form for Provisional Application;
- b. Provisional description of the invention;
- c. Provisional drawings or sequence listings, if applicable;
- d. At least one (1) provisional claim;

² Section 2, An Act Strengthening the Powers and Functions of the Intellectual Property Office of the Philippines, Amending for the Purpose Republic Act No. 8293, as Amended, otherwise known as the Intellectual Property Code of the Philippines, Senate Bill No. 2385, 19th Congress, 2nd Regular Session (hereinafter referred to as “**Bill 2385**”).

³ Section 3, Bill 2385.

⁴ Article 11.1, Section A, Chapter 11, Regional Comprehensive Economic Partnership, Accessed at: <https://rcepsec.org/wp-content/uploads/2020/11/Chapter-11.pdf> on 04 December 2023 (hereinafter referred to as, “RCEP”).

⁵ Section 16, An Act Amending Certain Provisions of Republic Act 8293, otherwise known as the Intellectual Property Code of the Philippines, Senate Bill No. 2326, 19th Congress, 2nd Regular Session (hereinafter referred to as “**Bill 2326**”); Section 14, An Act Amending Certain Provisions of Republic Act 8293, otherwise known as the Intellectual Property Code of the Philippines and for other purposes, 19th Congress, 1st Regular Session (hereinafter referred to as “**Bill 2672**”).

- e. Provisional abstract;
- f. Payment of required fees at the time of filing; and
- g. If the applicant is not domiciled in the Philippines, the appointment of an agent or representative upon whom notice or process for judicial or administrative procedure relating to the application for patent or the patent may be served.”⁶

Benefits of the PPA

The benefit of filing a PPA refers only to the right of claiming priority date and for establishing the requisite of novelty in patent applications.⁷ Hence, the protection granted during the term of a patent shall be reckoned from the filing date of the PPA.⁸ An undisclosed PPA shall not be considered as prior art.⁹

Expanded definition of the right of priority

Under RA 8329, as amended, the right of priority refers to the rule which states that an “application for patent filed by any person who has previously applied for the same invention in another country which by treaty, convention, or law affords similar privileges to Filipino citizens, shall be considered as filed as of the date of filing the foreign application.”¹⁰

However, the same rule is qualified by the proviso, which requires the concurrence of the following requirements:

- “(a) the local application expressly claims priority;
- (b) it is filed within twelve (12) months from the date the earliest foreign application was filed; and
- (c) a certified copy of the foreign application together with an English translation is filed within six (6) months from the date of filing in the Philippines.”¹¹

The Bills expand the definition of the right of priority to recognize the date of filing of the PPA as the priority date. In order for the same to be claimed as the priority date, the patent application must be filed within twelve (12) months from the filing date of the PPA and must comply with the requirements discussed above.¹²

Confidentiality of provisional patent applications

The Bills impose strict confidentiality for the filed PPAs. Particularly, a PPA shall not be published in the IPO Gazette, or any other publication. Further, a forfeited PPA shall be destroyed and permanently deleted, and no records shall be kept by the IPOPHL.¹³

Qualified term of a patent

⁶ Section 32A.2, Bill 2326.

⁷ Section 20, Bill 2326.; Section 18, Bill 2672.

⁸ *Id.*

⁹ Section 17, Bill 2326.; Section 15, Bill 2672.

¹⁰ Section 31, RA 8293, as amended.

¹¹ *Id.*

¹² Section 18, Bill 2326.; Section 15, Bill 2672.

¹³ Section 23, Bill 2326.; Section 20, Bill 2672.

As for the term of the patent under the Bills, patents which were originally filed under a PPA shall have a term of 20 years, reckoned from the filing date of the PPA.¹⁴

Amendment to the remedies to patent infringement

Bill 2326 intends to empower the BLA to decide on petitions for declaration as true and actual inventor or person having the right to a patent.¹⁵ Notably, RA 8293, as amended, does not grant this authority to the BLA, as such petitions are within the exclusive cognizance of the courts.

The said bill further grants jurisdiction to the Regional Trial Courts for any civil action for patent infringement brought by any patentee, or anyone possessing any right, title, or interest in and to the patented invention, whose rights have been infringed.¹⁶ Notably, RA 8293, as amended, merely mentions a “competent court of jurisdiction.”¹⁷

Additional limitations to patent rights

The Bill 2326 proposes a stricter limitation of patent rights in cases where the invention is being used for experiments for scientific and educational purposes. In such a case, it shall be exclusive for that said purpose.¹⁸

Criminal Action and Penalties for Patent Infringement

Finally, the Bills proposed additional and specific criminal penalties for patent infringement and repetition of the same.

Particularly, in cases of infringement of industrial design, the offender shall be punished with imprisonment for a period of not less than 3 years but not more than 5 years and/or a fine of not less than ₱100,000.00 but not more than ₱300,000.00.¹⁹

Further, in cases of infringement of invention patents, utility models, layout of integrated circuits is repeated by the infringer or by anyone in connivance with him after finality of judgment of the court against the infringer, the offender shall be punished of imprisonment for a period of not less than 3 years but not more than 5 years and/or fine of not less than ₱500,000.00 but not more than ₱1,000,000.00.²⁰

3. Senate Bill No. 2651 (“Bill 2651”)

Bill 2651 aims to combat digital piracy by strengthening the enforcement powers of the IPOPHL. It seeks to introduce a framework for blocking websites that facilitate copyright infringement, a measure inspired by successful practices in other countries like Australia. This is in response to the significant economic losses caused by online video piracy, which was estimated at USD 781 million in 2022 and is projected to reach USD 1 billion by 2027.²¹

The proposed legislation would allow the IPOPHL to issue site-blocking orders upon a proper complaint from a copyright holder, while also establishing rules to protect non-infringing content and allow for

¹⁴Section 24, Bill 2326.; Section 21, Bill 2672.

¹⁵ Sections 9 and 25, Bill 2326.

¹⁶ Section 26, Bill 2326.

¹⁷ Section 76.2, RA 8293, as amended.

¹⁸ Section 28, Bill 2326.

¹⁹ Section 30, Bill 2326. Section 22, Bill 2672.

²⁰ Section 30, Bill 2326. Section 22, Bill 2672.

²¹ Explanatory Note, Strengthening the Power and Functions of the Intellectual Property Office of the Philippines to Enforce Copyright Provisions, amending for the Purpose Certain Provisions of Republic Act No. 8293, otherwise known as the Intellectual Property Code of the Philippines Senate Bill No. 2651, 19th Congress, 2nd Regular Session (hereinafter referred to as “**Bill 2651**”).

appeals. The bill also outlines penalties for those involved in digital piracy. The swift passage of this bill is urged to protect the rights of creators and innovators and address the growing problem of digital piracy.²²

Site Blocking

Bill 2651 proposes a new section in the Intellectual Property Code to establish a framework for internet site blocking orders, empowering the IPOPHL to combat digital piracy.²³ Under this framework, a copyright holder can file a verified complaint with the IPOPHL to request a blocking order against an internet site primarily used for or containing infringing goods.²⁴ The IPOPHL will then evaluate the application based on factors such as the severity of the infringement, the site's general disregard for copyright, its status in other jurisdictions, and the public interest.²⁵ If the IPOPHL finds the site to be infringing, it can issue an order directing Internet Service Providers ("ISP"s) to block user access to the site's domain name, IP address, or URL, and can even mandate a redirect to an educational landing page.²⁶ Additionally, the IPOPHL may issue a separate order requiring the site's owner or operator to take down the infringing content. The bill also includes provisions for site owners to apply for the variation or revocation of a blocking order if the infringing activity has ceased, and grants legal immunity to ISPs that comply with these orders, provided they were not knowingly involved in the infringement or financially benefiting from it.²⁷

Strict penalties for non-compliance with orders of IPOPHL under the said bill have likewise been introduced. Individuals who fail to adhere to a site blocking or take-down order will face severe consequences, including imprisonment up to twelve years or a fine of ₱100,000 to ₱1,000,000, with an additional penalty of up to ₱50,000 for each day the violation continues. For companies or juridical persons that fail to comply, the penalties are even more substantial.²⁸ Not only can the company's officers, directors, or managers be imprisoned, but the company itself will also be subject to a fine that is at least double the amount imposed on individuals, with a maximum penalty of ₱5,000,000. These provisions are designed to ensure compliance and act as a strong deterrent against digital piracy.²⁹

In the current Intellectual Property Code of the Philippines, criminal penalties for copyright infringement are tiered based on the number of offenses.³⁰ For a first offense, the penalty is imprisonment from 1 to 3 years and a fine of ₱50,000 to ₱150,000. For a second offense, imprisonment ranges from 3 years and 1 day to 6 years, with a fine of ₱150,000 to ₱500,000. For a third and subsequent offense, the maximum imprisonment time is 9 years, with a corresponding fine of ₱500,000 to ₱1,500,000.

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²² Explanatory Note, Bill 2651.

²³ Section 3, Bill 2651.

²⁴ *Id.*

²⁵ *Id.*

²⁶ *Id.*

²⁷ *Id.*

²⁸ Section 4, Bill 2651.

²⁹ *Id.*

³⁰ Section 217, Intellectual Property Code of the Philippines, Republic Act No. 8293, as amended.

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