

**RULES AND REGULATIONS
ON
INTER PARTES PROCEEDINGS
[Petitions for Cancellation of a Mark, Patent,
Utility Model, Industrial Design, Opposition to
Registration of a Mark, and Compulsory Licensing]**

WHEREAS, the State recognizes that an effective intellectual and industrial property system is vital to the development of domestic creativity, facilitates transfer of technology, attracts foreign investments and ensures market access for our products;

WHEREAS, the State recognizes that the use of intellectual property bears a social function and to this end, the State shall promote the diffusion of knowledge and information for the promotion of national development and progress and the common good;

WHEREAS, it is the policy of the State to enhance the enforcement of intellectual property rights in the country; and, to protect and secure the exclusive rights of scientists, inventors artists and other gifted citizens to their intellectual property and creations, particularly when beneficial to the people;

NOW, THEREFORE, pursuant to the provisions of Republic Act No. 8293, otherwise known as the Intellectual Property Code of the Philippines, the following rules and regulations on Inter Partes Proceedings [Petitions for Cancellation of Patent, Trademark, Utility Model, Industrial Design, Compulsory Licensing and Opposition to Trademark Registration] are hereby promulgated:

**RULE 2
INTER PARTES PROCEEDINGS, THE PARTIES TO THE PROCEEDINGS;
JURISDICTION; PROCEDURE; EVIDENCE**

Section 1. *The contested or inter partes proceedings are:*

1.1. Patent Cases

- (a) Petition to cancel an invention patent, utility model registration, industrial design registration, or any claim or parts of a claim;
- (b) Petition for Compulsory Licensing or a license to exploit a patented invention.

1.2. Trademark Cases

- (a) Opposition against the registration of a mark published for opposition; and
- (b) Petition to cancel the registration of a mark.

Section 2. *Parties in inter partes proceedings.* The Petitioner in a cancellation proceeding and in a compulsory licensing proceeding and the Opposer in an opposition proceeding shall be deemed to be in the position of a plaintiff while the Respondent in a cancellation, compulsory licensing or opposition proceeding shall be in the position of defendant, with respect thereto. The Petition for Cancellation, Petition for Compulsory Licensing and Notice of Opposition shall correspond to the Complaint, while the Answer thereto shall correspond to the Answer. The taking of testimony orally before the Director or any Hearing Officer, the introduction of documentary evidence during the hearings and the submission of briefs or memoranda, shall correspond to trial.

Section 3. *Original jurisdiction over inter partes proceedings.* The Director shall have original jurisdiction over inter partes proceedings. Such inter partes proceedings shall be heard before the Director, any Hearing Officer or other ranking official of the Bureau designated by the Director but all decisions and final orders shall be signed by the Director.

Section 4. *Right of foreign corporation to sue in trademark or service mark enforcement action.* Any foreign national or juridical person whether or not engaged in business in the

Philippines may bring a petition for opposition, cancellation or compulsory licensing: Provided, that the country of which he or it is a national, or domiciled, or has a real and effective industrial establishment is a party to any convention, treaty or agreement relating to intellectual property rights or the repression of unfair competition, to which the Philippines is also a party, or extends reciprocal rights to nationals of the Philippines by law.

Section 5. *Jurisdiction of the courts in patent cancellation.* The courts shall have jurisdiction over petition for the cancellation of the patent where such petition is based on the grounds enumerated in Section 67 or Section 68 of Republic Act No. 8293. However, where any of the grounds in Sections 67 or 68 has been raised together with the grounds for cancellation stated in Sections 49, 61, 109 or 120 in a petition for cancellation of a patent, utility model or industrial design or where any of such grounds or issues has been raised in an administrative case for violation of laws involving intellectual property rights, all parties in the petition or administrative case shall be prohibited from instituting a separate action in court based on Section 67 or Section 68 of Republic Act No. 8293.

Section 6. *Rules of procedure to be followed in the conduct of hearing of inter partes cases.* In the conduct of hearing of inter partes cases, the rules of procedure herein contained shall be primarily applied. The Rules of Court, unless inconsistent with these rules, may be applied in suppletory character, provided, however, that the Director or Hearing Officer shall not be bound by the strict technical rules of procedure and evidence therein contained but may adopt, in the absence of any applicable rule herein, such mode of proceedings which is consistent with the requirements of fair play and conducive to the just, speedy and inexpensive disposition of cases, and which will give the Bureau the greatest possibility to focus on the technical grounds or issues before it.

Section 7. *Powers of Hearing Officer.* A Hearing Officer designated to conduct hearings and investigation shall be empowered to administer oaths and affirmations, issue subpoena and subpoena duces tecum to compel attendance of parties and witnesses and the production of any book, papers, correspondence and other records which are material to the case, and to make preliminary rulings on questions raised at the hearings, with the ultimate decision being left to the Director or any final order.

Section 8. *Workflow/procedure in inter partes proceedings.*

(a) The Petition for Cancellation, Compulsory Licensing or Notice of Opposition shall be filed with the Bureau which shall check if the complaint is in due form and thereafter, shall issue an order for the payment of the required fee.

(b) After payment of the required fee, the petitioner, his counsel or representative shall submit to the Bureau a copy of the official receipt and present the original thereof for comparison. Within twenty four (24) hours from receipt of the proof of payment of the required fee, the Assistant Director of the Bureau shall acknowledge receipt of the papers by assigning the Inter Partes Case Number, docket the same and then assign the case to any of the Hearing Officers through raffle under the rules promulgated by the Director General.

(c) Within three (3) working days from receipt of the petition by the Bureau, the Hearing Officer to whom the petition is assigned shall immediately prepare and send, in the name of the Director, to all parties required to be notified in the IP Code and these Regulations the necessary orders, notice of publication, summons, and other notices, either by registered mail or by personal delivery.

Section 9. *Summons and answer.* The summons shall require respondent to answer the petition (and not to file a motion to dismiss) within fifteen (15) days from service of the summons.

(a) *Answer.* The respondent shall answer the petition in writing, either by denying specifically the material allegations of the petition or by alleging any lawful defense. He

shall file his answer together with the sworn statements and documentary evidence and serve copies thereof upon the petitioner or opposer.

(b) amended, the time fixed for the filing and service of the answer shall, unless otherwise ordered, run from receipt of notice of the order admitting the amended petition or opposition from service of such amended petition. The original answer shall be considered as answer to the amended petition unless a new answer is filed within ten (10) days from notice or service.

(c) *No motion to dismiss.* No motion to dismiss shall be entertained. Instead, all grounds for dismissal shall be pleaded as affirmative defenses, the resolution of which shall be made in the decision on the merits. The Hearing Officer may, for good cause shown, conduct a hearing on any of the affirmative defenses if this will promote expediency in the resolution of the pending case.

Section 10. *Pre-trial.* Upon joinder of issues, the designated clerk of the Bureau shall prepare the Notice of Pre-Trial upon receipt of invitation from the Hearing Officer setting the date of the pre-trial conference. The pre-trial conference shall be set within two (2) months but not earlier than one (1) month from receipt of the Answer or other pleading. The notice of pre-trial shall be delivered by personal delivery or registered mail within two (2) days from the date on which instruction was given to the clerk. The notice of pre-trial shall require the parties to submit a pre-trial brief containing the following:

- (a) A brief statement of the parties' claims and defenses;
- (b) Suggestions, if any, for simplification of issues;
- (c) A list of documents they intend to produce as evidence, together with appropriate markings as exhibits as well as the identification of witnesses and a statement of the substance and purpose of their testimony during the hearing on the merits. These documents must be produced for examination during the pre-trial conference without prejudice to the presentation of additional documents during the trial if the party was prevented from producing the same during the pre-trial on account of fraud, accident, mistake, excusable negligence or such other reason which the Director or Hearing Officer deems justifiable in the interest of justice and fair play;
- (d) A statement whether they can stipulate on facts not covered by admissions in their pleadings. If so, they should come with drafts of matters they are ready to stipulate on;
- (e) A statement whether they are open to the possibility of an amicable settlement; if so, they should be prepared on the pre-trial date to submit their minimum demands for purposes of settlement; and,
- (f) Such other matters as may aid in the prompt disposition of the action.

Each party shall file with the Bureau and serve on the adverse party said pre-trial briefs at least three (3) days before the date of pre-trial conference fixed in the notice.

As counsel needs the consent of his client for purposes of accepting an offer of compromise, the attendance not only of the attorneys of record but also of the parties themselves, is required for the pre-trial conference. Presence of any party may be dispensed with if his counsel is provided with a notarized power of attorney or the appropriate corporate authorization to make admissions and/or to accept and approve compromise proposals.

The failure of the petitioner/opposer to appear when so required shall be cause for dismissal of the action with prejudice. A similar failure on the part of the respondent shall be cause to allow the petitioner/opposer to present his evidence ex parte and the Director to render judgment on the basis thereof.

Section 11.

(a) *Dismissal for failure to prosecute.* If the petitioner/opposer does not appear at the time and place designated in the Notice of Pre-trial Conference or a Notice of Hearing or in a subsequent order, or failed to prosecute his case for an unreasonable length of time, or fail to comply with

these Regulations or any order of the Bureau, the petition or notice of opposition, as the case may be, may be dismissed for failure to prosecute and judgment rendered for the respondent to recover his costs from the petitioner/opposer, provided, however, that the Bureau may cancel the patent or trademark registration where it finds evidence independent of the petitioner's submission. Within fifteen (15) days after receipt of the Order of Dismissal, the petitioner/opposer may file a motion to set aside such order if his failure to appear was by reason of fraud, accident, mistake or excusable negligence.

(b) *Effect of failure of respondent to answer.* If the respondent fails to answer within the period herein provided, the Hearing Officer shall, upon motion of the petitioner/opposer or motu proprio, declare the respondent in default and forthwith receive evidence ex parte and submit his recommendations, to the Director. No service of papers other than substantially amended or supplemental pleadings and final orders or decisions shall be necessary on a party in default unless he files a motion to set aside the Order of Default within fifteen (15) days from receipt thereof on any of the grounds mentioned in the preceding paragraph, in which event he shall be entitled to notice of all further proceedings regardless of whether the order of default is set aside or not.

Section 12. *Conduct of hearings.* Should the Hearing Officer be absent on any scheduled date of hearing, the hearing shall automatically be conducted by his Chief Hearing Officer or, upon instruction of the Director, by any other Hearing Officer. All hearings shall be continuous until terminated and no postponement of hearings, especially those scheduled by agreement of the parties, shall be allowed over the objection of any party. However, in extremely meritorious cases and upon written motion filed with the Hearing Officer at least three (3) days before the scheduled hearing with proof of personal service upon the other party or parties, a postponement may be granted.

Section 13. *Order of trial.* The following procedure shall be observed during the hearing of the case:

(a) The petitioner shall submit to the Hearing Officer and serve on the adverse party the sworn statement of the witnesses (which shall constitute the direct testimony of the affiants) and other documentary evidence at least three (3) days before the scheduled hearing and shall make his witnesses available for cross-examination by respondent during the scheduled hearing.

(b) The respondent shall then present the sworn statements of witnesses (which shall constitute the direct testimony of the affiants) and other documentary evidence and shall make his witnesses available for cross-examination by petitioner during the scheduled hearing.

(c) The petitioner and the respondent may, in succession, present rebuttal and sur-rebuttal evidence, with the direct testimony of witness being reduced into affidavit form, as herein prescribed.

(d) If the testimony of the witness residing outside the Philippines is to be taken, said witness may testify personally in his own behalf, or the direct examination may be in the form of an authenticated affidavit and be submitted within the period fixed by the Hearing Officer, and the opposing party may cross-examine the witness through written interrogatories in the manner prescribed by the Rules of Court. The party presenting the witness shall bear the expenses pertaining thereto and shall obtain the necessary approval for the deposition. Submission of the Answer to cross interrogatories to the Bureau shall be made within six (6) months from the date of the issuance of the Letters Commission. Said period may be extended once for very justifiable reasons. In no case, however, shall the submission of said Answer exceed one (1) year from date of issuance of Letters Commission. Otherwise, the testimony of said foreign witness shall be stricken out by the Hearing Officer, motu proprio or upon motion of the opposing party.

(e) Failure to present the sworn statement of the witnesses and documentary evidence at the pre-trial shall be deemed a waiver of the right to present evidence during the hearing.

Section 14. *Demurrer to evidence not allowed.* No demurrer to evidence shall be entertained after the presentation of petitioner's evidence. Respondent shall forthwith present evidence in its behalf.

Section 15. *Director or Hearing Officer not bound by technical rules of evidence.* The Director, Chief Hearing Officer or any Hearing Officer shall receive relevant and material evidence, rule on offer of evidence and exclude all irrelevant matter, and shall act according to justice and fairness. The Bureau in the exercise of its power to investigate and hear cases within its jurisdiction shall not be strictly bound by the technical rules of evidence. The Bureau shall, however, take judicial cognizance of the official acts of the legislative, executive and judicial departments of the Philippines, the laws of nature, scientific facts as published in treatises, periodicals, or pamphlets and other facts which are of public knowledge or general knowledge as would enable the Director, Chief Hearing Officer or Hearing Officer to rule upon the technical issues in the case.

Section 16. *Judgment on the pleadings.* When an answer fails to tender an issue or otherwise admits the material allegations of the adverse party's pleading, the Director may, on motion of said adverse party, render judgment on such pleadings.

Section 17. *Summary judgment.* Any party seeking to recover upon a petition, a claim, counterclaim or cross-claim or against whom a petition, claim, cross-claim or counterclaim is asserted may, at any time after the issues are joined, move with supporting affidavit, depositions or admissions of parties, for a summary judgment in his favor as to all or any part thereof. The motion shall be served at least ten (10) days before the time specified for the hearing. The adverse party may file with the Bureau and serve opposing affidavits at least three (3) days prior to the day of hearing. After the hearing, the judgment sought shall be rendered forthwith if the pleadings, depositions and admissions on file, together with the affidavits, show that there is no genuine issue as to any material fact and that the moving party is entitled to a judgment as a matter of law.

Section 18. *Transcript.* The stenographer or such other personnel as may be authorized by the Director shall take down notes of all the proceedings in the hearing. At the end of each hearing, he shall immediately transcribe all notes taken thereat and deliver said notes as well as the transcript thereof, duly certified, initialed on each page and signed by him on the last page, to the Hearing Officer, to be attached to the record of the case at least ten (10) days before the next hearing or the date of the first day in a scheduled series of continuous hearings.

Section 19. *Introduction of document belonging to another case.* Whenever a party in an inter partes proceeding desires to submit, as his own evidence, a document filed in another case, separate from the case being heard, he should, for such purpose, secure a certified copy of such document, paying the required fee therefor.

Section 20. *Case not to be discussed informally unless in presence of both parties.* It is strictly and absolutely forbidden for the Director or for any Hearing Officer or any employee of the Bureau who may have anything to do directly or indirectly with the hearing, decision, or preparation of the decision, in any pending inter partes case, to discuss informally the case or any phase thereof with any of the contending parties or their attorneys, except in the presence of the adverse party or his attorney.

Section 21. *Equitable principles may be applied.* In all inter partes proceedings, the equitable principles of laches, estoppel and acquiescence, when applicable, may be considered and applied.

Section 22. *Submission of memoranda and draft decision.* Parties shall be required to submit their memoranda within one (1) month from receipt of the order of admissibility of exhibits. Unless otherwise provided for by special laws, the appropriate final pleadings required of the

parties to be submitted shall include a draft of the decision/resolution they seek, stating clearly and distinctly the facts and the law upon which it is based. The Hearing Officer may adopt, in whole or in part, either of the parties' draft decisions/resolutions, or reject both. This requirement shall likewise be applied to orders other than the final judgment.

Section 23. *Hearing Officer's report.* Within one (1) month from the date on which the case was submitted for decision, the Hearing Officer, in consultation and coordination with the Chief Hearing Officer, shall submit his report, findings and draft of the decision through the Chief Hearing Officer who shall affix his initial thereon for approval of the Director.

RULE 3 CANCELLATION OF PATENTS

Section 1. *Cancellation of patents; Grounds.*

(a) Any interested party may, upon payment of the required fee, petition to cancel the patent or any claim thereof, or parts of the claim, on any of the following:

- (i) that what is claimed as the invention is not patentable;
- (ii) that the patent does not disclose the invention in a manner sufficiently clear and complete for it to be carried out by any person skilled in the art;
- (iii) that the patent is contrary to public order or morality;
- (iv) that the patent includes matters outside the scope of the disclosure contained in the application as filed.

(b) *Cancellation by person having right to the patent.* A person declared by final court order or decision as having the right to the patent may, within three (3) months after the decision has become final, seek cancellation of the patent, if one has already been issued.

(c) *Interested party.* A party interested in the patent shall include any person including a person declared by final court order or decision to be the true and actual inventor.

Section 2. *Partial cancellation.* Where the grounds for the cancellation relate to some of the claims or parts of the claim, cancellation may be effected to such extent only in which case, the Office shall reissue the amended patent.

Section 3. *Requirement of the petition.* The petition for cancellation shall be in writing, verified by the petitioner or by any person in his behalf who knows the facts, specify the grounds upon which it is based, include a statement of the facts relied upon, and filed in triplicate with the Bureau. Copies of printed publications or of patents of other countries, and other supporting documents mentioned in the petition shall be attached thereto, together with the translation thereof in English, if not in the English language.

Section 4. *Notice of hearing.* The Hearing Officer shall serve in the name of the Director, notice of the filing of the petition upon the patentee and all persons having grants or licenses, or any other right, title or interest in and to the patent and the invention covered thereby, as appears of record in the Office, and of notice of the date of hearing thereon on such persons and the petitioner. Notice of the filing of the petition shall be published in the IPO Gazette.

Section 5.

(a) *The Committee of Three.* In cases involving highly technical issues, on motion of any party, the Director may order that the petition be heard and decided by a committee composed of the Director as chairman and two (2) members who have the experience or expertise in the field of technology to which the patent sought to be cancelled relates.

(b) *Cancellation of the patent by the Committee.* If the Committee finds that a case for cancellation has been proved, it shall order the patent or any specified claim or claims thereof cancelled.

(c) *Amendment made by the patentee during the cancellation proceedings.* If the Committee finds that, taking into consideration the amendment made by the patentee during the cancellation proceedings, the patent and the invention to which it relates meet the requirement of the IP Code, it may decide to maintain the patent as amended : Provided, that the fee for printing of a new patent is paid within one (1) month from the date of the decision of the committee. If the fee for the printing of the new patent is not paid in due time, the patent shall be revoked at the expiration of the period for payment.

(d) *Publication of the amended patent.* If the patent is amended per decision of the committee, the Bureau shall, at the same time as it publishes the mention of the cancellation decision, publish the abstract, representative claims and drawings indicating clearly what the amendments consist of.

Section 6. *Effect of cancellation of patent or claim.* The rights conferred by the patent or any specified claim or claims cancelled shall terminate. Notice of the cancellation shall be published in the IPO Gazette.

Section 7. *Patent found invalid may be cancelled.* If, in an action for infringement filed before the court, the court finds the patent or any claim to be invalid, it shall cancel the same. Such order of cancellation shall be forwarded to the Director who shall cause the recording and publication of notice of such order in the IPO Gazette upon receipt of the final judgment of cancellation by the court. Such recording shall be made in the appropriate register of the Office.

RULE 4 CANCELLATION OF UTILITY MODEL REGISTRATION

Section 1. *Grounds for cancellation of utility model registration.* At any time during the term of the utility model registration, any person, upon payment of the required fee, may petition the Director to cancel the utility model registration on any of the following grounds:

(a) That the claimed invention does not qualify for registration as a utility model and does not meet the requirements of registrability, in particular:

- (1) if it is not new as provided in Sections 23 and 24 of the IP Code;
- (2) if it is not industrially applicable as provided in Section 27 of the IP Code; or
- (3) if it is excluded from patent protection as provided in Section 22 of the IP Code.

(b) That the description and the claims do not comply with the prescribed requirements;

(c) That any drawing which is necessary for the understanding of the invention has not been furnished;

(d) That the owner of the utility model registration is not the inventor or his successor in title; or

(e) That the utility model registration extends beyond the content of the application as originally filed.

Section 2. *Procedure for the cancellation of utility model.* The procedure for the cancellation of patent shall apply mutatis mutandis to the cancellation of utility model.

Section 3. *Effect of cancellation of utility model registration.* The rights conferred by the registration of the utility model shall terminate upon the cancellation of such registration.

RULE 5 CANCELLATION OF DESIGN REGISTRATION

Section 1. *Grounds for the cancellation of design registration.* At any time during the term of the industrial design registration, any person upon payment of the required fee, may petition the Director to cancel the industrial design on any of the following grounds:

- (a) that the industrial design does not give a special appearance to and cannot serve as a pattern for an industrial product or handicraft;
- (b) that the industrial design is not new or original;
- (c) that the industrial design is dictated essentially by technical or functional considerations to obtain a technical result;
- (d) that the industrial design is contrary to public order, health or morals; or
- (e) that the subject matter of the industrial design extends beyond the content of the application as originally filed.

Section 2. *Partial cancellation.* Where the grounds for cancellation relate to a part of the industrial design, cancellation may be effected to such extent only. The restriction may be effected in the form of an alteration of the effected features of the design.

Section 3. *Procedure.* The procedure prescribed by these Regulations in the cancellation of patent and utility model registration shall be applied mutatis mutandis in the cancellation of design registration.

Section 4. *Effect of cancellation.* The rights conferred by the registration of a design shall terminate upon the cancellation of such registration.

RULE 6

PETITION FOR COMPULSORY LICENSING

Section 1. *Patents subject to proceedings for compulsory licensing.* Invention patents, industrial design registration and utility model registration are all subject to proceedings for compulsory licensing.

Section 2. *Who may file petition for compulsory licensing; time for filing the petition.* Upon the payment of the required fee, any person may file a petition for compulsory licensing at any time after the grant of the patent or registration of the industrial design or utility model. However, if the petition is based on the ground that the patented invention is not being worked in the Philippines on a commercial scale, although capable of being worked, without any satisfactory reason, the petition may be filed at any time after the expiration of a period of four (4) years from the date of filing of the application or three (3) years from the date of the patent whichever period expires last.

Section 3. *Grounds for compulsory licensing.* The Director may grant a license to exploit a patented invention, even without the agreement of the patent owner, in favor of any person who has shown his capability to exploit the invention, under any of the following circumstances:

- (a) National emergency or other circumstances of extreme urgency;
- (b) Where the public interest, in particular, national security, nutrition, health or the development of other vital sectors of the national economy as determined by the appropriate agency of the Government, so requires; or
- (c) Where a judicial or administrative body has determined that the manner of exploitation by the owner of the patent or his licensee is anti-competitive; or
- (d) In case of public non-commercial use of the patent by the patentee, without satisfactory reason;
- (e) If the patented invention is not being worked in the Philippines on a commercial scale, although capable of being worked, without satisfactory reason; Provided, that the importation of the patented article shall constitute working or using the patent.

Section 4. *Requirement to obtain a license on reasonable commercial terms.* The license will only be granted after the petitioner has made efforts to obtain authorization from the patent owner on reasonable commercial terms and conditions but such efforts have not been successful within a reasonable period of time.

Section 5. *When a petition for compulsory licensing may be granted even without efforts to obtain authorization from the patent owner.* The requirement under the preceding section shall not apply in the following cases:

- (a) Where the petition for compulsory license seeks to remedy a practice determined after judicial or administrative process to be anti-competitive;
- (b) In situations of national emergency or other circumstances of extreme urgency;
- (c) In cases of public non-commercial use.

Section 6. *Notice to the right holder.*

- (a) In situations of national emergency or other circumstances of extreme urgency, the right holder shall be notified as soon as reasonably practicable.
- (b) In the case of public non-commercial use, where the government or contractor, without making a patent search, knows or has demonstrable grounds to know that a valid patent is or will be used by or for the government, the right holder shall be informed promptly.

Section 7. *Compulsory licensing of patents involving semi-conductor technology.* In the case of compulsory licensing of patents involving semi-conductor technology, the license may only be granted in case of public non-commercial use or to remedy a practice determined after judicial or administrative process to be anti-competitive.

Section 8. *Compulsory license based on interdependence of patents.* If the invention protected by a patent, hereafter referred to as the "second patent", within the country cannot be worked without infringing another patent, hereafter referred to as the "first patent", granted on a prior application or benefiting from an earlier priority, a compulsory license may be granted to the owner of the second patent to the extent necessary for the working of his invention, subject to the following conditions:

- (a) The invention claimed in the second patent involves an important technical advance of considerable economic significance in relation to the first patent;
- (b) The owner of the first patent shall be entitled to a cross-license on reasonable terms to use the invention claimed in the second patent;
- (c) The use authorized in respect of the first patent shall be non-assignable except with the assignment of the second patent; and
- (d) The terms and conditions of Section 95 (Requirement to obtain a license on reasonable commercial terms), Section 96 (Compulsory licensing of patents involving semi-conductor technology), Section 98 (Form and contents of petition), Section 99 (Notice of hearing), and Section 100 (Terms and conditions of compulsory license) of the IP Code.

Section 9. *Form and contents of petition.* The petition for compulsory licensing must be in writing, verified by the petitioner and accompanied by payment of the required filing fee. It shall contain the name and address of the petitioner as well as those of the respondents, the number and date of issue of the patent in connection with which compulsory license is sought, the name of the patentee, the title of the invention, the statutory grounds upon which compulsory license is sought, the ultimate facts constituting the petitioner's cause of action, and the relief prayed for.

Section 10. *Notice of hearing.* Upon filing of a petition, the Director shall forthwith serve notice of the filing thereof upon the patent owner and all persons having grants or licenses, or any other right, title or interest in and to the patent and invention covered thereby as appears on the record in the Office, and of notice of the date of hearing thereon, on such persons and petitioner. The resident agent or representative appointed in accordance with Section 33 of the IP Code, shall be bound to accept service of notice of the filing of the petition within the meaning of this Section.

Section 11. *Publication of notice.* In every case, the Director shall cause the notice to be published in a newspaper of general circulation once a week for three (3) consecutive weeks and once in the IPO Gazette at the expense of the applicant.

Section 12. *Grant of license.*

(a) If the Director finds that a grant of license under the preceding sections has been made out, he shall, within six (6) months from the date the petition was filed, order the grant of an appropriate license.

(b) A compulsory license sought for public non-commercial use shall be issued within six (6) months from the filing of the proponent's application or receipt of the Board of Investment's endorsement.

Section 13. *Terms and conditions of compulsory license.* The parties may agree on the basic terms and conditions including the rate of royalties of a compulsory license. In the absence of agreement between the parties, the Director shall fix the terms and conditions including the rate of royalties of the compulsory license subject to the following conditions:

(a) The scope and duration of such license shall be limited to the purpose for which it was authorized;

(b) The license shall be non-exclusive;

(c) The license shall be non-assignable, except with the part of the enterprise or business with which the invention is being exploited;

(d) Use of the subject matter of the license shall be devoted predominantly for the supply of the Philippine market: Provided, that this limitation shall not apply where the grant of the license is based on the ground that the patentee's manner of exploiting the patent is determined by judicial or administrative process to be anti-competitive.

(e) The license may be terminated upon proper showing that circumstances which led to its grant have ceased to exist and are unlikely to recur: Provided, that adequate protection shall be afforded to the legitimate interest of the licensee;

(f) The patentee shall be paid adequate remuneration taking into account the economic value of the grant or authorization, except that in cases where the license was granted to remedy a practice which was determined after judicial or administrative process, to be anti-competitive, the need to correct the anti-competitive practice may be taken into account in fixing the amount of remuneration.

Section 14. *Amendment of compulsory license.* Upon the request of the patentee or the licensee, the Director may amend the decision granting the compulsory license, upon proper showing of new facts or circumstances justifying such amendment.

Section 15. *Cancellation of compulsory license.* Upon the request of the patentee, the Director may cancel the compulsory license:

(a) If the ground for the grant of the compulsory license no longer exists and is unlikely to recur;

(b) If the licensee has neither begun to supply the domestic market nor made serious preparation therefor;

(c) If the licensee has not complied with the prescribed terms of the license.

Section 16. *Surrender of the license by the licensee.* The licensee may surrender the license by a written declaration submitted to the Office.

Section 17. *Publication of the amendment, surrender, or cancellation of the license.* The Director shall cause the amendment, surrender, or cancellation to be recorded in the appropriate

Register of the Office, notify the patentee, and/or the licensee, and cause notice thereof to be published, at the expense of the petitioner, in the IPO Gazette.

RULE 7

OPPOSITION TO APPLICATION FOR REGISTRATION OF MARKS

Section 1.

(a) *Who may oppose.* Any person who believes that he would be damaged by the registration of a mark may, upon payment of the required fee and within one (1) month after the publication of the application, file with the Bureau a notice of opposition to the application.

(b) *Notice of opposition.* The notice of opposition shall be in writing and verified by the opposer or any person on his behalf who knows the facts, and shall specify the grounds on which it is based and include a statement of the facts relied upon.

Section 2.

(a) *Notice and hearing.* Upon the filing of an opposition and payment of the required fee, the Bureau shall serve notice of the filing on the applicant, and of the date of the hearing thereof upon the applicant and the opposer and all other persons having any right, title or interest in the mark covered by the application, as appear of record in the Office.

(b) *Notice in case of unverified notice of opposition.* The Bureau may notify the applicant of the fact of filing of an unverified opposition. The applicant, after payment of the required fee, may request for a copy of the unverified opposition.

(c) The notice to answer will be sent to the applicant/respondent upon the filing of the verified opposition.

(d) *Dismissal of opposition.* The opposition will be dismissed motu proprio upon failure of the opposer to verify, in person or by any person on his behalf who knows the facts, the notice of opposition within two (2) months from date of filing of the unverified opposition.

Section 3. *Contents of the notice of opposition.* Copies of certificates of registration of marks registered in other countries or other supporting documents mentioned in the opposition shall be filed with the opposition together with the translation in English, if not in the English language.

Section 4. (a) *Extension of period for filing the verified opposition.* For good cause shown and upon payment of the required surcharge, the time for filing the verified opposition may be extended for an additional one (1) month by the Director upon the written request of the opposer. Whenever an extension is granted, the Director shall cause the applicant to be notified thereof. The petition for extension shall be filed in triplicate. However, in no case shall the period within which to file the verified opposition exceed four (4) months from the date of release of the IPO Gazette publishing the mark being opposed. If the last day for filing of the notice of opposition or the verified opposition falls on a Saturday, Sunday, holiday, non-working holiday as may be declared by the President of the Philippines or on a day when the Office or the Bureau is closed for business as may be declared by the Director General, the same shall be moved to the immediately following working day.

Section 5. *Filing of an opposition in a form other than the original.* The party filing the opposition may submit an opposition in a form other than the original such as a facsimile copy or photocopy provided: (1) that such fax, photocopy or other form complies with the requirements of these Regulations and is filed within the period to file the notice of opposition or the verified opposition, or any extension thereof, (2) that the original copy of the verified opposition is filed within one (1) month from submission of the fax, photocopy or other form and, (3) that the original copy of the verified opposition is filed within the maximum period of four (4) months counted from the date of release of the IPO Gazette publishing the mark being opposed. In all cases, the notice to

answer shall be sent to the applicant only upon the filing of the original copy of the verified opposition.

RULE 8 CANCELLATION OF REGISTRATION OF MARKS

Section 1. *Who may file a petition for cancellation.* Any person who believes that he is or will be damaged by the registration of a mark may file with the Bureau a petition to cancel such registration.

Section 2. *When may a petition be filed.* The petition for cancellation of the registration of a mark may be filed:

- (a) Within five (5) years from the date of registration of the mark under the IP Code;
- (b) at any time, if the registered mark becomes the generic name for the goods or services, or a portion thereof, for which it is registered, or has been abandoned, or its registration was obtained fraudulently or contrary to the provisions of the IP Code, or if the registered mark is being used by, or with the permission of, the registrant so as to misrepresent the source of the goods or services on or in connection with which the mark is used. If the registered mark becomes the generic name for less than all of the goods or services for which it is registered, a petition to cancel the registration for only those goods or services may be filed. A registered mark shall not be deemed to be the generic name of goods or services solely because such mark is also used as a name of or to identify a unique product or service. The primary significance of the registered mark to the relevant public rather than purchaser motivation shall be the test for determining whether the registered mark has become the generic name of goods or services on or in connection with which it has been used. Evidence on purchaser motivation shall not be admitted;
- (c) At any time, if the registered owner of the mark without legitimate reason fails to use the mark within the Philippines, or to cause it to be used in the Philippines by virtue of a license during an uninterrupted period of at least three (3) years.

Section 3. *Contents of petition for cancellation.* The petition for cancellation shall give the name and address of the petitioner as well as those of the necessary party or parties respondent; and shall state the registration number and date of the registration sought to be cancelled; the name of the registrant; the statutory ground or grounds upon which cancellation is sought; the ultimate facts constituting the petitioner's cause or causes of action and the relief sought.

Section 4. *Verification of petition.* A petition for cancellation filed in triplicate shall be verified by the petitioner or by any person in his behalf who knows the facts.

Section 5. *Service of petition and notice of hearing.* Upon the filing of a petition for cancellation in proper form and payment of the required fee, the Director shall cause a copy of such petition to be served on the party or parties respondent, requiring such party or parties to answer the petition. After the issues have been joined, the Director will cause a date to be set for the hearing of the case, which will be communicated to both parties.

Section 6. *Power of the Bureau to cancel the mark in the exercise of its power to hear and adjudicate any action to enforce the rights to a registered mark.* Notwithstanding the foregoing provisions, the court or the Bureau shall, in the exercise of its power to hear and adjudicate any action to enforce the rights to a registered mark, likewise determine whether the registration of said mark may be cancelled in accordance with the IP Code.

Section 7. *Effect of filing of a suit before the Bureau or with the proper court.* The filing of a suit to enforce the registered mark with the proper court or Bureau shall exclude any other court or agency from assuming jurisdiction over a subsequently filed petition to cancel the same mark.

On the other hand, the earlier filing of petition to cancel the mark with the Bureau shall not constitute a prejudicial question that must be resolved before an action to enforce the rights to same registered mark may be decided.

Section 8. *Cancellation of registration.* If the Bureau finds that a case for cancellation has been made out, it shall order the cancellation of the registration. When the order or judgment becomes final, any right conferred by such registration upon the registrant or any person in interest of record shall terminate. Notice of cancellation shall be published in the IPO Gazette.

RULE 9 RECONSIDERATION; APPEAL

Section 1. *Appeal to the Director General.*

(a) The decision or order of the Director or the Committee of Three shall become final and executory fifteen (15) days after receipt of a copy thereof by the party affected unless within the said period, a motion for reconsideration is filed with the Director or an appeal to the Director General has been perfected.

(b) Interlocutory orders shall not be appealable.

Section 2. *Grounds of and period for filing motion for reconsideration.* Within the period for taking an appeal, the aggrieved party may move for reconsideration upon the grounds that the evidence is insufficient to justify the decision or final order, or that the decision or final order is contrary to law.

Section 3. *Contents of motion for reconsideration and notice thereof.* The motion shall be made in writing stating the ground or grounds therefor, a written notice of which shall be served by the movant on the adverse party.

A motion for reconsideration shall point out specifically the findings or conclusions of the judgment or final order which are not supported by the evidence or which are contrary to law, making express reference to the testimonial or documentary evidence or to provisions of law alleged to be contrary to such findings or conclusions.

A *pro forma* motion for reconsideration shall not toll the reglementary period of appeal.

Section 4. *Action upon motion for reconsideration.* If the Director finds that the judgment or final order is contrary to the evidence or law, he may amend such judgment or final order accordingly.

Section 5. *Resolution of motion.* A Motion for reconsideration shall be resolved within one (1) month from the time it is submitted for resolution.

Section 6. *Second motion for reconsideration.* No party shall be allowed a second motion for reconsideration of a judgment or final order.

Section 7. *Partial reconsideration.* If the grounds for a motion under this Rule appear to the Director to affect the issues as to only a part, or less than all of the matter in controversy, or only one, or less than all, of the parties to it, he may grant reconsideration as to such issues if severable without interfering with the judgment or final order upon the rest.

Section 8. *Remedy against order denying a motion for reconsideration.* An order denying a motion for reconsideration is not appealable, the remedy being an appeal from the judgment or final order.

Section 9. *Appeal to the Court of Appeals or Supreme Court.* No motion for reconsideration of any decision or final order of the Director General shall be entertained and, the decision or final

order of the Director General shall be final and executory unless an appeal to the Court of Appeals or the Supreme Court is perfected in accordance with Rule 41 of the Rules of Court applicable to appeals from decisions of Regional Trial Courts.

RULE 10 EXECUTION OF DECISIONS PENDING APPEAL

Section 1. *Order of execution.* On motion of the prevailing party with notice to the adverse party, and upon filing of the approved bond, the Director may, in his discretion, order execution to issue even before the expiration of the time to appeal, upon good reasons to be stated in the order. Such execution, however, may be stayed by filing of an approved counterbond.

Section 2. *Cancellation of patent is immediately executory.* Unless restricted by the Director, the decision or order to cancel the patent, claim or part of a claim by the Director shall be immediately executory even pending appeal.

RULE 11 JUDGMENTS, FINAL ORDERS AND ENTRY THEREOF

Section 1. *Rendition of judgments and final orders.* A judgment or final order determining the merits of the case shall be in writing, stating clearly and distinctly the facts and the law on which it is based, signed by the Director, and filed with the appropriate Register of the Office.

It is the filing of the decision, judgment or final order with the Register, not the signing thereof, that constitutes rendition or promulgation.

Section 2. *Entry of judgments and final orders.* If no appeal or motion for reconsideration is filed within the time provided in these Regulations, the Director shall forthwith cause the entry of the judgment or final order in the appropriate Register of the Office. The date of finality of the judgment or final order shall be deemed to be the date of its entry. The record shall contain the dispositive part of the judgment or final order and shall be signed by the Director, with a certificate that such judgment or final order has become final and executory.

If no appeal or motion for reconsideration has been filed on time, the judgment or final order rendered by the Director or the Director General, as the case may be, becomes final and executory, and should immediately be caused to be entered by the Director. To ensure this action the prevailing party should file a motion for the entry [and execution, if proper] of the judgment. The date of entry is the starting point of the six months period for filing a petition of relief, as well as the five years period of prescription of judgments.

This rule corrects the erroneous practice of entering the judgment or final order long after it had become final and executory. Even if the physical act of entering the judgment or final order is done after it had become final and executory, the date when it became final and executory shall be deemed the date of its entry.

FINAL PROVISIONS

Section 1. *Coverage.* These rules and regulations shall apply to all inter partes cases pending with the Bureau of Patents, Trademarks and Technology Transfer upon the effectivity of the IP Code on January 1, 1998, including interference proceedings declared prior to the effectivity of these Regulations and all inter partes cases filed with the Office on and after the effectivity of the IP Code.

Section 1.1. *Trademark applications pending on effective date of the IP Code; opposition; interference.* The following procedure shall apply to interfering applications for registration in the

principal register of marks under Republic Act No. 166, as amended, pending on the effective date of the IP Code on January 1, 1998:

(a) In all cases where interference may be declared under Republic Act No. 166, as amended, and its implementing rules and regulations, as amended, the application which first meets the requirements for registration shall be allowed and published for opposition in the IPO Gazette by the Director of the Bureau of Trademarks in accordance with the Rules and Regulations on Trademarks, Service Marks, Trade Names and Marked or Stamped Containers dated 30 September 1998.

(b) The Director of Trademarks shall notify the other applicant or applicants of the fact of allowance and publication with the advice that said other applicant or applicants have the right to file with the Bureau of Trademarks a notice of opposition, without need of paying the filing fee, to determine whether or not any of the applicant/s and or oppositor/s has the right to the registration of the mark including all other issues such as the registrability of the mark.

(c) Within five (5) days from receipt of a notice of opposition from the other applicant or any of them if there be more than one other applicant, the Director of Trademarks shall endorse all the files of the allowed application and the application of the opposing applicant or applicants to the Bureau of Legal Affairs for prosecution in accordance with the provisions of these Regulations governing oppositions.

(d) All other oppositors, if any, shall file their notice of opposition with the Bureau of Legal Affairs in accordance with these Regulations.

Section 2. *Implementation.* In the interest of the service and in order to ensure the continued hearing and disposition of all the cases before the Office, until the organization of the Bureau of Legal Affairs is completed, the functions necessary to implement these regulations shall be performed by the personnel of the former Bureau of Patents, Trademarks and Technology Transfer as may be designated by the Director General upon recommendation of the Chief of the Hearing Division of the Bureau of Patents, Trademarks and Technology Transfer who was heretofore designated as Officer-in-Charge or Caretaker of the Bureau of Legal Affairs.

Section 3. *Separability.* If any provision in these Regulations or application of such provision to any circumstance is held invalid, the remainder of these Regulations shall not be affected thereby.

Section 4. *Effectivity.* These rules and regulations shall take effect fifteen (15) days after publication in a newspaper of general circulation.

Done this ____ day of _____ 1998.

EMMA C. FRANCISCO

Director General