



Republic of the Philippines
Supreme Court
Manila

MEMORANDUM FOR:

HON. RENATO C. CORONA
Chief Justice

Re : A.M. No. 10-3-10-SC (Proposed Special Rules on Intellectual Property Litigation)

In a Memorandum (Re: Report on the Proposed Special Rules on IP Litigation) dated 8 March 2010 addressed to then Chief Justice Reynato S. Puno, Your Honor, as former Associate Justice and Chairperson, Sub-Committee on the Rules of Procedure for Intellectual Property (IP) Rights Cases, submitted a matrix of comments/queries and notes on the IP litigation rules proposed by the Intellectual Property Office (IPO).


In a Resolution of the Court En Banc dated 3 August 2010, the matrix was referred to the IPO for its comment.

In compliance with the aforementioned Resolution of the Court, the IPO submitted its comments and recommendations, together with a revised draft of the proposed rules. This was, in turn, referred to the Sub-Committee for appropriate action through an En Banc Resolution dated 21 September 2010.


On 22 September 2010, Chief Justice Corona issued Memorandum Order No. 44-2010 reorganizing the Sub-Committee on the Rules of Procedure for IP Cases.

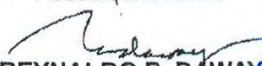
Pursuant to the aforementioned Resolutions and issuance of the Court, the undersigned Chairperson and members of the Sub-Committee on the Rules of Procedure for IP Cases hereby submit the final draft of the Rules of Procedure for Intellectual Property Rights Cases for the Court's consideration and approval.

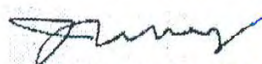
3 October 2011.


JOSE PORTUGAL PEREZ
Associate Justice
Chairperson


Members



DIOSDADO M. PERALTA
Associate Justice


REYNALDO B. DAWAY
Presiding Judge
Regional Trial Court
Branch 90, Quezon City


RAMON S. ESGUERRA
Intellectual Property
Rights Practitioner


LUCAS P. BERSAMIN
Associate Justice


MA. ROWENA M. SAN PEDRO
Presiding Judge
Regional Trial Court
Branch 158, Pasig City


FERDINAND M. NEGRE
Intellectual Property
Rights Practitioner

EN BANC

A.M. No. 10-3-10-SC

**RULES OF PROCEDURE
FOR INTELLECTUAL PROPERTY RIGHTS
CASES**

RESOLUTION

Acting on the recommendation of the Sub-Committee on the Rules of Procedure for Intellectual Property Rights Cases submitting for this Court's consideration and approval the proposed Rules of Procedure for Intellectual Property Rights Cases, the Court resolved to APPROVE the same.

These Rules shall take effect fifteen (15) days after their publication in two (2) newspapers of national circulation.

October 18, 2011.


RENATO C. CORONA
Chief Justice


ANTONIO T. CARPIO
Associate Justice


PRESBITERO J. VELASCO, JR.
Associate Justice

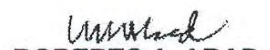

TERESITA J. LEONARDO-DE CASTRO
Associate Justice


ARTURO D. BRION
Associate Justice


DIOSDADO M. PERALTA
Associate Justice


LUCAS P. BERSAMIN
Associate Justice



MARIANO C. DEL CASTILLO
Associate Justice


ROBERTO A. ABAD
Associate Justice


MARTIN S. VILLARAMA, JR.
Associate Justice


JOSE PORTUGAL PEREZ
Associate Justice


JOSE C. MENDOZA
Associate Justice


MARIA LOURDES P. A. SERENO
Associate Justice


BIENVENIDO L. REYES
Associate Justice


ESTELA M. PERLAS-BERNABE
Associate Justice

EN BANC

A.M. No. 10-3-10-SC.

RULES OF PROCEDURE FOR INTELLECTUAL PROPERTY RIGHTS CASES

Rule 1

GENERAL PROVISIONS

SECTION 1. *Title.* – These Rules shall be known and cited as the ~~Rules of Procedure for Intellectual Property Rights Cases.~~”

SEC. 2. *In what courts applicable.* – These Rules shall be observed by the Regional Trial Courts designated by the Supreme Court as Special Commercial Courts.

SEC. 3. *Applicability of the regular rules.* – When the court determines that the civil or criminal action involves complex issues, it shall issue a special order that the regular procedure prescribed in the Rules of Court shall apply, stating the reason therefor.

Where applicable, the Rules of Court shall apply suppletorily to proceedings under these Rules.

SEC. 4. *Executory nature of orders.* – Any order issued by the court under these Rules is immediately executory unless restrained by a superior court.

SEC. 5. *Verification and supporting documents.* -- Any pleading, motion, opposition, defense or claim filed by any interested party shall be supported by verified statements that the affiant has read the same and that the factual allegations therein are true and correct of his personal knowledge or based on authentic records, and shall contain as annexes such documents as may be deemed by the party submitting the same as supportive of the allegations in the affidavits.

SEC. 6. *Duty of the clerk of court.* – It shall be the duty of the branch clerk of court to notify in writing the Director-General of the Intellectual Property Office (IPO) of any action, suit or proceeding involving a copyright, trademark, service mark, patent, industrial design, utility model, undisclosed information and technology transfer agreement. Such notice shall set forth: the names and addresses of the litigants and the copyright, trademark, service mark, patent or design registrations involved and, where applicable, the numbers of their certificates of registration. The notice shall be submitted within one (1) month after the filing thereof.

CIVIL PROCEDURE

Rule 2

NATURE OF PROCEEDINGS

SECTION 1. *Scope.* – Rules 2 to 9 shall apply to all civil actions for violations of intellectual property rights provided for in Republic Act 8293 or the Intellectual Property Code, as amended, including civil actions for Infringement of Patent (Section 76), Utility Model (Section 108) and Industrial Design (Section 119), Trademark Infringement (Section 155 in relation to Section 163), Unfair Competition (Section 168 in relation to Section 163), actions concerning trademark license contracts (Section 150 in relation to Section 163), actions concerning imported merchandise or

goods bearing infringing marks or trade names (Section 166 in relation to Section 163), actions for cancellation of the registration of a collective mark (Section 167 in relation to Section 163), False Designations of Origin; False Description or Representation (Section 169 in relation to Section 163), Breach of Contract (Section 194), civil actions for infringement of copyright, moral rights, performers' rights, producers' rights, and broadcasting rights (Sections 177, 193, 203, 208, 211, and 216), and other violations of intellectual property rights as may be defined by law.

SEC. 2. Special Commercial Courts in the National Capital Judicial Region with authority to issue writs of search and seizure enforceable nationwide. – Special Commercial Courts in Quezon City, Manila, Makati, and Pasig shall have authority to act on applications for the issuance of writs of search and seizure in civil actions for violations of the Intellectual Property Code, which writs shall be enforceable nationwide. The issuance of these writs shall be governed by the rules prescribed in *Re: Proposed Rule on Search and Seizure in Civil Actions for Infringement of Intellectual Property Rights* (A.M. No. 02-1-06-SC, which took effect on February 15, 2002). Within their respective territorial jurisdictions, the Special Commercial Courts in the judicial regions where the violation of intellectual property rights occurred shall have concurrent jurisdiction to issue writs of search and seizure.

Rule 3

COMMENCEMENT OF ACTION

SECTION 1. Pleadings. – The only pleadings allowed to be filed are the complaints, compulsory counterclaims and cross-claims pleaded in the answer, and the answers thereto. All pleadings shall be verified.

SEC. 2. *Who may file an action under these Rules.* – Any intellectual property right owner, or anyone possessing any right, title or interest under claim of ownership in any intellectual property right, whose right may have been violated, may file an action under these Rules.

Any person who is a national or who is domiciled or has a real and effective industrial establishment in a country which 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, shall be entitled to file an action under these Rules.

Any foreign national or juridical person who meets the requirements of the immediately preceding paragraph, and does not engage in business in the Philippines, may also file an action under these Rules.

SEC. 3. *Form and contents of the complaint.* – The complaint shall be verified and shall state the full names of the parties to the case. Facts showing the capacity of a party to sue or be sued, or the authority of a party to sue or be sued in a representative capacity, or the legal existence of an organized association of persons that is made a party, must be averred. In case of juridical persons, proof of capacity to sue must be attached to the complaint.

The complaint shall contain a concise statement of the ultimate facts constituting the complainant's cause or causes of action. It shall specify the relief(s) sought, but it may add a general prayer for such further or other relief(s) as may be deemed just or equitable.

The affidavits in question-and-answer format referred to in Sec. 5 hereof and the relevant evidence shall be made part of the complaint.

The complaint shall include a certification that the party commencing the action has not filed any other action or proceeding involving the same issue or issues before any tribunal or agency nor is such action or proceeding pending in other quasi-judicial bodies; *Provided, however*, that if any such action is pending, the status of the same must be stated, and should knowledge thereof be acquired after the filing of the complaint, the party concerned shall undertake to notify the court within five (5) days from such knowledge.

When the party-litigant is a corporation, the verification/certification of non-forum shopping required should be executed by a natural person duly authorized by the corporation, through a special power of attorney or a board resolution for the purpose, attached to the complaint.

The complaint shall further be accompanied by proof of payment of docket and other lawful fees.

Failure to comply with the foregoing requirements shall not be remedied by mere amendment of the complaint. The court, *motu proprio*, shall dismiss the case without prejudice.

The submission of a false certification or non-compliance with any of the undertakings therein shall constitute indirect contempt, without prejudice to the corresponding administrative, civil and criminal liabilities. If the acts of a party or his counsel clearly constitute willful and deliberate forum shopping, the same shall be a ground for summary dismissal with prejudice and shall constitute direct contempt.

SEC. 4. *Prohibited pleadings.* – The following pleadings are prohibited:

- a) Motion to dismiss;
- b) Motion for a bill of particulars;
- c) Motion for reconsideration of a final order or judgment, except with regard to an order of destruction issued under Rule 20 hereof;
- d) Reply;
- e) Petition for relief from judgment;
- f) Motion for extension of time to file pleadings or other written submissions, except for the answer for meritorious reasons;
- g) Motion for postponement intended for delay;
- h) Third-party complaint;
- i) Intervention;
- j) Motion to hear affirmative defenses; and
- k) Any pleading or motion which is similar to or of like effect as any of the foregoing.

SEC. 5. *Affidavits.* – The affidavits required to be submitted with the complaint shall be in question-and-answer format numbered consecutively, and shall state only facts of direct personal knowledge of the affiants which are admissible in evidence. The affidavits shall also show the competence of the affiants to testify to the matters stated therein.

A violation of this requirement may subject the party or the counsel who submits the same to disciplinary action, and shall be a ground for the court to order that the inadmissible affidavit or portion thereof be expunged from the records.

SEC. 6. *Failure to file complaint where a writ of search and seizure is issued.* – Upon motion of the party whose goods have been seized, with notice to the applicant, the issuing court may lift its writ and order the return of the seized goods if no case is filed with the appropriate court and/or appropriate quasi-judicial agency, including the Intellectual Property Office of the Philippines, within thirty-one (31) calendar days from the date of issuance of the writ.

If no motion for the return of the seized goods is filed within sixty (60) days from the issuance of the writ under the preceding paragraph, the court shall order the disposal of the goods, as may be warranted, after hearing with notice to the parties.

Rule 4

ANSWER

SECTION 1. *Summons.* – The summons and the complaint, including its attachments, shall be served not later than five (5) days from receipt of the complaint by the court to which it is assigned or raffled.

SEC. 2. *Service of summons, orders and other court processes.* – Summons, orders and other court processes may be served by the sheriff, his deputy or other proper court officer or for justifiable reasons, by the counsel or representative of the plaintiff or any suitable person authorized by the court issuing the summons.

Any private person who is authorized by the court to serve summons, orders and other court processes shall, for that purpose, be considered an officer of the court.

When the defendant is a foreign private juridical entity, service may be made on its resident agent designated in accordance with law for that purpose, or, if there be no such agent, on the government official designated by law to that effect, or on any of its officers or agents within the Philippines.

If the foreign private juridical entity is not registered in the Philippines or has no resident agent, service may, with leave of court, be effected out of the Philippines through any of the following means:

- a) By personal service coursed through the appropriate court in the foreign country with the assistance of the Department of Foreign Affairs;
- b) By publication once in a newspaper of general circulation in the country where the defendant may be found and by serving a copy of the summons and the court order by registered mail at the last known address of the defendant;
- c) By facsimile or any recognized electronic means that could generate proof of service; or
- d) By such other means as the court may, in its discretion, direct.

Should either personal or substituted service fail, summons by publication shall be allowed. In the case of juridical entities, summons by

publication shall be done by indicating the names of the officers or their duly authorized representative.

SEC. 3. *Answer.* – Within fifteen (15) days from service of summons, the defendant shall file his answer to the complaint and serve a copy thereof on the plaintiff. Affirmative and negative defenses not pleaded in the answer shall be deemed waived, except when the court has no jurisdiction over the subject matter, when there is another action pending between the same parties for the same cause, or when the action is barred by a prior judgment or by the statute of limitations. Cross-claims and compulsory counterclaims not asserted in the answer shall be considered barred. The answer to counterclaims or cross-claims shall be filed and served within ten (10) days from service of the answer in which they are pleaded.

SEC. 4. *Effect of failure to answer.* – Should the defendant fail to answer the complaint within the period stated above, the court, *motu proprio* or on motion of the plaintiff, shall render judgment as may be warranted by the allegations of the complaint, as well as the affidavits and other evidence on record, unless the court in its discretion requires the plaintiff to submit additional evidence. Such reception of additional evidence may be delegated to the clerk of court. In no case shall the court award a relief beyond or different from that prayed for; *Provided*, that the court may, in its discretion, reduce the amount of damages and attorney's fees claimed for being excessive or otherwise unconscionable.

SEC. 5. *Affidavits.* – The affidavits required to be submitted with the answer shall be in question-and-answer format numbered consecutively, and shall state only facts of direct personal knowledge of the affiants which

are admissible in evidence. The affidavits shall also show the competence of the affiants to testify to the matters stated therein.

A violation of this requirement may subject the party or the counsel who submits the same to disciplinary action, and shall be ground for the court to order that the inadmissible affidavit or portion thereof be expunged from the records.

Rule 5

MODES OF DISCOVERY

SECTION 1. *In general.* – A party can avail of any of the modes of discovery not later than thirty (30) days from the joinder of issues.

SEC. 2. *Objections.* – Any mode of discovery, such as interrogatories, request for admission, production or inspection of documents or things, may be objected to within ten (10) days from receipt of the request for discovery and only on the ground that the matter requested is manifestly incompetent, immaterial, or irrelevant or is undisclosed information or privileged in nature, or the request is for harassment. The requesting party may comment in writing within three (3) days from receipt of the objection. Thereafter, the court shall rule on the objection not later than ten (10) days from receipt of the comment or the expiration of the three-day period.

SEC. 3. *Compliance.* – Compliance with any mode of discovery shall be made within ten (10) days from receipt of the request for discovery, or if there are objections, from notice of the ruling of the court.

SEC. 4. *Sanctions.* – The sanctions prescribed by the Rules of Court in relation to the modes of discovery shall apply.

Rule 6
PRE-TRIAL

SECTION 1. *Pre-trial; mandatory nature.* – Within five (5) days after the period for availing of, or compliance with, any of the modes of discovery prescribed in Rule 5 hereof, whichever comes later, the handling court shall immediately set the case for pre-trial and direct the parties to submit their respective pre-trial briefs. The parties shall file with the court and furnish each other copies of their respective pre-trial briefs in such manner as to ensure receipt by the court and the other party at least five (5) days before the date set for the pre-trial.

The parties shall set forth in their pre-trial briefs, among other matters, the following:

- a) Brief statement of the nature of the case, which shall summarize the theory or theories of the party in clear and concise language;
- b) Allegations expressly admitted by either or both parties;
- c) Allegations deemed admitted by either or both parties;
- d) Documents not specifically denied under oath by either or both parties;
- e) Amendments to the pleadings;
- f) Statement of the issues, which shall separately summarize the factual and legal issues involved in the case;

- g) Names, addresses and contact numbers of affiants and their judicial affidavits supporting the parties' respective positions on each of the issues;
- h) All other pieces of evidence, whether documentary or otherwise, and their respective purposes;
- i) Specific proposals for an amicable settlement;
- j) Possibility of referral to mediation or other alternative modes of dispute resolution;
- k) Requests for closed door hearings in cases involving trade secrets, undisclosed information and patents; and
- l) Such other matters as may aid in the just and speedy disposition of the case.

SEC. 2. *Nature and purpose of pre-trial.* – Upon appearance of the parties during the pre-trial, the court shall order the parties to appear before the Philippine Mediation Center in accordance with mediation rules of the Supreme Court.

Should the parties fail to settle the case after mediation, the pairing court shall conduct judicial dispute resolution (JDR) conferences upon request of the court handling the case in accordance with the guidelines of the Supreme Court.

Pending mediation before the Philippine Mediation Center and JDR with the pairing court, the court handling the case shall suspend the proceedings. If either mediation or JDR fails, the case shall be returned to the court with dispatch for the pre-trial.

Before the pre-trial, the court may require the marking of documentary or object evidence by the branch clerk of court or any authorized court personnel.

During the pre-trial, the court shall, with its active participation, ensure that the parties consider in detail all of the following:

- a) The possibility of an amicable settlement;
- b) Facts that need not be proven, either because they are matters of judicial notice, or expressly or deemed admitted;
- c) Permissible amendments to the pleadings;
- d) The possibility of obtaining stipulations and admissions of facts and documents;
- e) Objections to the admissibility of testimonial, documentary and other evidence;
- f) Submission of judicial affidavits of witnesses and objections to the form or substance of any affidavit, or part thereof;
- g) Simplification of the issues; and
- h) Such other matters as may aid in the speedy and summary disposition of the case.

SEC. 3. *Effect of failure to appear.* – The failure of the plaintiff to submit a pre-trial brief within the specified period or to appear in the pre-trial shall be a cause for the dismissal of the complaint with prejudice, unless otherwise ordered by the court. The defendant who submits a pre-trial brief and who appears during the pre-trial shall be entitled to a judgment on the counterclaim unless the court requires evidence *ex parte* for a judgment. Any cross-claim shall be dismissed.

The failure of the defendant to submit a pre-trial brief within the specified period or to appear in the pre-trial shall be a cause for the

dismissal of the counterclaim. The plaintiff who submits a pre-trial brief and who appears during the pre-trial shall be entitled to a judgment on the complaint unless the court requires evidence *ex parte* for a judgment.

SEC. 4. *Termination.* – The pre-trial shall be terminated not later than thirty (30) working days after its commencement, excluding the period for mediation and judicial dispute resolution (JDR).

SEC. 5. *Record of pre-trial.* – The proceedings in the pre-trial shall be recorded, excluding mediation and JDR. Within ten (10) days after the termination of the pre-trial, the court shall issue an order which shall recite in detail the matters taken up in the pre-trial, the actions taken on such matters, the amendments allowed in the pleadings, and the agreements or admissions made by the parties as to any of the matters considered. The court shall rule on all objections to or comments on the admissibility of any documentary or other evidence, including any affidavit or any part thereof.

The court shall indicate whether the case shall be submitted for decision immediately after pre-trial, or on the basis of position papers, or after clarificatory hearing, or after trial.

SEC. 6. *Submission of position papers.* – If the case is to be submitted for decision on the basis of position papers, the court, in the Pre-Trial Order, shall direct the parties to file simultaneously their respective position papers, setting forth the law and the facts relied upon by them and attaching thereto affidavits of their witnesses in question-and-answer format numbered consecutively, and other evidence on the factual issues defined in the order, together with their respective draft decisions, if so desired, within a non-extendible period of thirty (30) days from receipt of the order. No reply or rejoinder shall be allowed.

SEC. 7. *Clarificatory hearing or hearings following pre-trial.* – If there are matters to be clarified, the court shall include in the Pre-Trial Order the schedule of clarificatory hearing or hearings, which must commence within thirty (30) days from the termination of the pre-trial, and be completed not later than fifteen (15) days thereafter.

At least three (3) days before the scheduled clarificatory hearing, the parties may submit clarificatory questions which the court, in its discretion, may propound.

SEC. 8. *Schedule of trial.* – If the court deems it necessary to hold trial, the court shall include in the Pre-Trial Order the schedule of hearings to be conducted expeditiously and completed not later than sixty (60) days from the date of the initial trial which must commence within thirty (30) days from the termination of the pre-trial.

Rule 7

CLARIFICATORY HEARING AND TRIAL

SECTION. 1. *Clarificatory hearings.* – During clarificatory hearing or hearings, the parties must have representatives and their counsels ready for questioning by the court.

Immediately after termination of such clarificatory hearing or hearings, the court shall order the parties to simultaneously file, within ten (10) days from such date, their respective position papers as required under Section 6, Rule 6, above.

SEC. 2. *Clarificatory hearing or hearings following submission of position papers.* – Upon submission of the parties’ position papers immediately after the pre-trial as required under Sec. 6 of the preceding Rule, and the court deems it necessary to hold clarificatory hearing or hearings on any matter before rendering judgment, it shall set the case for such purpose.

The order setting the case for clarificatory hearing must be issued not later than fifteen (15) days after receipt of the last position papers or the expiration of the period for filing the same and the clarificatory hearing must be scheduled within fifteen (15) days from the issuance of such order and completed not later than fifteen (15) days.

During said clarificatory hearing or hearings, the parties must have representatives and their counsels ready for questioning by the court.

SEC. 3. *Judicial affidavits.* – The judicial affidavits shall serve as the direct testimonies of the witnesses during trial, subject to cross-examination by the adverse party.

SEC. 4. *Period of trial.* A period not exceeding thirty (30) days shall be allotted to the plaintiff and a similar period to the defendant in the manner prescribed in the Pre-Trial Order. The failure of a party to present a witness on a scheduled trial date shall be deemed a waiver of such trial date. However, a party may present such witness or witnesses within the party’s remaining allotted trial dates. No extension shall be allowed by the judge except for justifiable reasons.

SEC. 5. *Offer of and ruling on exhibits.* Evidence presented during the trial and not otherwise admitted by the parties or ruled upon by the

court during the pre-trial shall be offered orally immediately after the completion of the presentation of evidence of the party concerned. The opposing party shall immediately raise the objections on the offer of exhibits and thereafter, the court shall at once rule on the offer and objections in open court.

In case the court requires the submission of written formal offer of exhibits, the same shall be submitted to the court within five (5) days from completion of the presentation of the evidence of the party, furnishing copies thereof on the other party, who may submit comments or objections to the formal offer within five (5) days from receipt. The court shall make its ruling on the offer within five (5) days from the expiration of the period to file comments or objections.

SEC. 6. *Mandatory submission of draft decisions.* - Immediately after an oral ruling on the last offer of evidence, the court shall order the parties to simultaneously submit their respective draft decisions, within a non-extendible period of thirty (30) days. In case the ruling is in writing, the court shall order the parties to simultaneously submit their respective draft decisions within a non-extendible period of thirty (30) days from receipt of the order.

Rule 8

JUDGMENT

SECTION 1. *Judgment immediately after pre-trial.* - Where the case is submitted for decision immediately after pre-trial in accordance with Sec. 5, Rule 6, the court shall render judgment within forty-five (45) days after pre-trial.

SEC. 2. *Judgment after submission of position papers.* – Within forty-five (45) days after receipt of the last position paper, affidavits, documentary and real evidence, or the expiration of the period for filing the same under Sec. 6 of Rule 6 and Sec. 1 of Rule 7, the court shall render judgment on the basis of the parties’ position papers, affidavits, documentary and real evidence.

SEC. 3. *Judgment after clarificatory hearing.* – Within forty-five (45) days after termination of clarificatory hearing or hearings under Sec. 7 of Rule 6 and Sec. 2 of Rule 7, the court shall render judgment.

SEC. 4. *Judgment after trial.* – Within sixty (60) days after receipt of the draft decision of the parties under Sec. 6 of Rule 7, the court shall render judgment.

SEC. 5. *Judgments executory pending appeal.* – Unless restrained by a higher court, the judgment of the court shall be executory even pending appeal under such terms and conditions as the court may prescribe.

Rule 9

APPEAL

SECTION 1. *Who may appeal.* – Any party may appeal from a judgment or final order.

SEC. 2. *How appeal taken.* – All decisions and final orders shall be appealable to the Court of Appeals through a petition for review under Rule 43 of the Rules of Court.

The petition for review shall be taken within fifteen (15) days from notice of the decision or final order of the Regional Trial Court designated by the Supreme Court as Special Commercial Courts. Upon proper motion and the payment of the full amount of the legal fee prescribed in Rule 141, as amended, and before the expiration of the reglementary period, the Court of Appeals may grant an additional period of fifteen (15) days within which to file the petition for review. No further extension shall be granted except for the most compelling reasons and in no case to exceed fifteen (15) days.

CRIMINAL PROCEDURE

Rule 10

NATURE OF PROCEEDINGS

SECTION 1. *Scope.* – Rules 10 to 15 shall apply to all criminal actions for violations of intellectual property rights provided for in Republic Act 8293 or the Intellectual Property Code, as amended, including Repetition of Infringement of Patent (Section 84), Utility Model (Section 108) and Industrial Design (Section 119), Trademark Infringement (Section 155 in relation to Section 170), Unfair Competition (Section 168 in relation to Section 170), False Designations of Origin; False Description or Representation (Section 169.1 in relation to Section 170), infringement of copyright, moral rights, performers' rights, producers' rights, and broadcasting rights (Section 177, 193, 203, 208 and 211 in relation to Section 217), and other violations of intellectual property rights as may be defined by law.

SEC. 2. *Special Commercial Courts in the National Capital Judicial Region with authority to issue search warrants enforceable nationwide.*

Special Commercial Courts in Quezon City, Manila, Makati, and Pasig shall have authority to act on applications for the issuance of search warrants involving violations of the Intellectual Property Code, which search warrants shall be enforceable nationwide. Within their respective territorial jurisdictions, the Special Commercial Courts in the judicial regions where the violation of intellectual property rights occurred shall have concurrent jurisdiction to issue search warrants.

Accordingly, the Executive Judges are hereby relieved of the duty to issue search warrants involving violations of the Intellectual Property Code in criminal cases as stated in Sec. 12, Chapter V of A.M. No. 03-8-02-SC (*Guidelines on the Selection and Appointment of Executive Judges and Defining their Powers, Prerogatives and Duties*).

Rule 11

COMMENCEMENT OF ACTION

SECTION 1. *How commenced.* – The filing of criminal cases falling within the scope of this Rule shall be by information after a prior verified complaint is filed under Rule 12 on Preliminary Investigation.

When the information is filed, the verified complaint and the affidavits of witnesses together with other evidence, in such number of copies as there are accused plus two (2) copies for the court's files, shall be attached thereto.

In case of failure to attach the complaint, affidavits and evidence, the court shall order the investigating prosecutor, through the court's designated prosecutor, to submit the said requirements before the pre-trial.

SEC. 2. *Where to file.* – The information, together with attachments, shall be filed with the court referred to in Section 2 of Rule 1, which has jurisdiction over the territory where any of the elements of the offense occurred.

SEC. 3. *When warrant of arrest may issue.* – Within ten (10) days from the filing of the information, the judge shall personally evaluate the information together with the resolution of the prosecutor and its supporting documents. The judge may immediately dismiss the case if the evidence on record clearly fails to establish probable cause. If he finds probable cause, he shall issue a warrant of arrest, or a commitment order if the accused has already been arrested. In case of doubt on the existence of probable cause, the judge may order the prosecutor to present additional evidence within five (5) days from notice and the issue must be resolved by the court within fifteen (15) days from the presentation of the additional evidence.

SEC. 4. *Disposition of goods seized pursuant to search warrant.* –If a criminal action has been instituted, only the trial court shall rule on a motion to quash a search warrant or to suppress evidence obtained thereby or to release seized goods.

It shall be the duty of the applicant or private complainant to file a motion for the immediate transfer of the seized goods to the trial court, which motion shall be immediately acted upon by the issuing court.

If no criminal action has been instituted, the motion to quash a search warrant or to suppress evidence obtained thereby or to release seized goods may be filed in and resolved by the issuing court. If pending

resolution of the motion, a criminal case is meanwhile filed in another court, the incident shall be transferred to and resolved by the latter court.

Upon motion of the party whose goods have been seized, with notice to the applicant, the issuing court may quash the search warrant and order the return of the seized goods if no criminal complaint is filed within sixty (60) days from the issuance of the search warrant.

If no criminal action is filed before the office of the prosecutor and no motion for the return of the seized goods is filed within sixty (60) days from the issuance of the search warrant, the issuing court shall require the parties, including the private complainant, if any, to show cause why the search warrant should not be quashed.

SEC. 5. *Prohibited motions.* – The following motions shall not be allowed:

- a) Motion to quash the information, except on the ground of lack of jurisdiction;
- b) Motion for extension of time to file affidavits or any other papers; and
- c) Motion for postponement intended for delay.

Rule 12

PRELIMINARY INVESTIGATION

SECTION 1. *Complaint.* — The complaint shall be filed with the Department of Justice or the office of the prosecutor that has jurisdiction over the offense charged:

- a) The complaint shall state the full name of the complainant and the facts showing the capacity or authority of the complaining witness to institute a criminal action in a representative capacity, and the legal existence of an organized association of persons that is instituting the criminal action. In case of juridical persons, proof of capacity to sue must be attached to the complaint. Where the complainant is a juridical person not registered in the Philippines, documents proving its legal existence and/or its capacity to sue, such as a certificate of registration or extracts from relevant commercial registries or offices having jurisdiction over said entities, shall be accepted if these are originals or in case of public documents, certified true copies thereof executed by the proper officer of such registries or offices.

Where the complainant is a foreign national or is domiciled or has a real and effective industrial establishment in a country which 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 national of the Philippines by law, the verified complaint must contain such facts showing entitlement to file the action.

- b) The complaint shall state the address of the respondent and shall be in such number of copies as there are respondents, plus two (2) copies for the investigating prosecutor. The complaint shall be subscribed and sworn to before any prosecutor or government official authorized to administer oath, or, in their absence or unavailability, before a notary

public. The administering officer must certify that he personally examined the complainant and that he is satisfied that the complainant voluntarily executed and understood the complaint.

- c) The complaint shall be accompanied by the affidavits of the complainant and his witnesses, as well as other supporting documents to establish probable cause. Notarized affidavits of witnesses shall be allowed and admitted as part of the complaint, provided that affidavits executed by non-residents of the Philippines shall be duly authenticated by the concerned Philippine consular or diplomatic office.
- d) In instances where multiple complaints are filed by the same complainant, copies of the supporting documents shall be admitted after they are compared with and shown to be faithful reproductions of the originals or certified documents referred to in sub-paragraphs (a) and (c) above.

SEC. 2. *Procedure.* - The preliminary investigation shall be conducted as follows:

- a) Within ten (10) days after the filing of the complaint, the investigating prosecutor, on the basis of the complaint and the affidavits and other evidence accompanying the same, may dismiss the case outright for being patently without basis or merit and order the release of the accused if in custody, and/or seized articles in custody, if any.

- b) When the complaint is not dismissed pursuant to the immediately preceding paragraph, the investigating prosecutor, within ten (10) days from the filing of the complaint, shall issue an order to the respondent attaching thereto a copy of the complaint and its supporting affidavits and documents, and require the respondent to submit his counter-affidavit and the affidavits of his witnesses and other documentary evidence in the format required under Section 1 hereof, wherever applicable, serving copies thereof on the complainant not later than ten (10) days from receipt of said order. The counter-affidavits shall be subscribed and sworn to and certified as provided in paragraphs (b) and (c) of Section 1 hereof. The respondent shall not be allowed to file a motion to dismiss in lieu of a counter-affidavit.
- c) If the respondent cannot be served with the order of the investigating prosecutor, or if served, does not submit counter-affidavits within the ten (10) day period, the investigating prosecutor shall resolve the complaint based on the evidence presented by the complainant.
- d) The investigating prosecutor may set a hearing if there are facts and issues to be clarified from a party or a witness. The parties can be present at the hearing but without the right to examine or cross-examine. They may, however, submit to the investigating prosecutor questions which may be asked to the party or witness concerned.
- e) Within ten (10) days from the last written submission by the parties or the expiration of the period for such submission, the

investigating prosecutor shall determine whether or not there is sufficient ground to hold the respondent for trial.

SEC. 3. *When accused lawfully arrested without warrant.* – When a person is lawfully arrested without a warrant, the information may be filed by a prosecutor without need of such investigation provided an inquest had been conducted in accordance with existing Rules.

Before the information is filed, the person arrested may ask for a preliminary investigation in accordance with this Rule, but he must sign a waiver of the provisions of Article 125 of the Revised Penal Code, as amended, in the presence of his counsel. Notwithstanding the waiver, he may apply for bail and the investigation must be terminated within fifteen (15) days from its inception.

After the filing of the information in court without preliminary investigation, the accused may, within five (5) days from the time he learns of its filing, ask for a preliminary investigation with the same right to adduce evidence in his defense as provided in this Rule.

Rule 13

ARRAIGNMENT AND PRE-TRIAL

SECTION 1. *Arraignment.* – The arraignment shall be conducted in accordance with Rule 116 of the Rules of Court. If the accused is in custody for the crime charged, he shall be immediately arraigned. If the accused enters a plea of guilty, he shall forthwith be sentenced.

After arraignment, the court shall immediately schedule the case for pre-trial.

SEC. 2. *Referral to mediation.* – Before conducting the trial, the court shall call the parties to a pre-trial. Upon appearance of the parties during pre-trial, the judge shall order the parties to appear before the Philippine Mediation Center for court-annexed mediation on the civil aspect of the criminal action. The pre-trial judge shall suspend the court proceedings while the case is undergoing mediation. Upon termination of the mediation proceedings, the court shall continue with the pre-trial.

SEC. 3. *Pre-trial.* – During the pre-trial, a stipulation of facts may be entered into, or the propriety of allowing the accused to enter a plea of guilty to a lesser offense may be considered, or such other matters as may be taken up to clarify the issues and to ensure a speedy disposition of the case. However, no admission by the accused shall be used against him unless reduced to writing and signed by the accused and his counsel. A refusal or failure to stipulate shall not prejudice the accused.

The pre-trial shall be terminated not later than thirty (30) days from the date of its commencement, excluding the period for mediation and JDR.

Should a party desire to present additional affidavits or counter affidavits as part of his direct evidence, he shall so manifest during the pre-trial, stating the purpose thereof. If allowed by the court, the additional affidavits of the prosecution or the counter-affidavits of the defense shall be submitted to the court and served on the adverse party not later than three (3) days after the termination of the pre-trial. If the additional affidavits are presented by the prosecution, the accused may file his

counter-affidavits and serve the same on the prosecution within three (3) days from such service.

Before the pre-trial, the court may require the marking of documentary or object evidence by the branch clerk of court or any authorized court personnel.

SEC. 4. *Non-appearance at the pre-trial.* – If the counsel for the accused or the prosecutor does not appear at the pre-trial and does not offer an acceptable excuse for his lack of cooperation, the court may impose proper sanctions or penalties.

SEC. 5. *Record of pre-trial.* – Within five (5) days after the termination of the pre-trial, the court shall issue an order stating the matters taken up therein, including but not limited to:

- a) Plea bargaining;
- b) The stipulations or admissions entered into by the parties;
 - c) Whether, on the basis of the stipulations and admissions made by the parties, judgment may be rendered without the need of further proceedings, in which event judgment shall be rendered within thirty (30) days from issuance of the order;
- d) A clear specification of material facts which remain controverted;
- e) Trial dates of each party;
 - f) Such other matters intended to expedite the disposition of the case.

Rule 14

TRIAL

SECTION 1. *Affidavits and other evidence at the trial.* –The Court shall hear the evidence of the parties on the trial dates agreed upon by them during the pre-trial. The affidavits of the witnesses of the parties which form part of the record of the case, such as those submitted: (a) during the preliminary investigation; and/or (b) during the pre-trial, shall constitute the direct testimonies of the witnesses who executed them. Such witnesses may be subjected to cross examination by the adverse party.

SEC. 2. *Conduct of trial.* – The court shall conduct hearings expeditiously so as to ensure speedy trial. Each party shall have a maximum period of sixty (60) days to present his evidence-in-chief on the trial dates agreed upon during the pre-trial.

SEC. 3. *Submission of memoranda.* – Upon termination of trial, the court may order the parties to submit within a non-extendible period of thirty (30) days their memoranda setting forth the law and the facts relied upon by them.

SEC. 4. *Judgment.* – The court shall promulgate the judgment not later than sixty (60) days from the time the case is submitted for decision, with or without the memoranda. A copy of the judgment shall be furnished the IPO.

Rule 15

APPEAL

SECTION 1. *Who may appeal.* – Any party may appeal from a judgment or final order, unless the accused will be placed in double jeopardy.

SEC. 2. *How appeal taken.* – The appeal shall be taken in the manner provided under Rule 122 of the Rules of Court.

Rule 16

**COMMON RULES ON ADMISSIBILITY
AND WEIGHT OF EVIDENCE**

SECTION 1. *Evidence of good faith.* - In cases of patent infringement, trademark infringement, and copyright infringement, fraudulent intent on the part of the defendant or the accused need not be established. Good faith is not a defense unless the defendant or the accused claims to be a prior user under Sections 73 and 159 of the Intellectual Property Code or when damages may be recovered under Sections 76, 156, and 216 of the Code.

SEC. 2. *Foreign official documents.* – All official records kept in a foreign country, including certificates of registration, shall be admissible if authenticated by the proper consular office of the Philippines having jurisdiction over the country where such records and/or certificates are kept. However, such authentication of foreign official documents may be the subject of the agreement of the parties.

SEC. 3. *Deposition of foreign witness.* – The deposition of any witness abroad shall be taken within six (6) months from the date of the order allowing the deposition, unless the failure to take the deposition within the period is caused by a fortuitous event, fraud, accident, mistake or excusable negligence.

SEC. 4. *Presumptions in the Intellectual Property Code.* – The presumptions in the Intellectual Property Code on patents, trademarks and copyright shall apply to these Rules.

SEC. 5. *Suppletory application of the rules on discovery and evidence.* – Unless inconsistent with these Rules, the rules on discovery and evidence under the Rules of Court shall apply.

Rule 17

EVIDENCE IN PATENT CASES

SECTION 1. *Burden of proof in patent infringement; presumption regarding process patents.* – a) The burden of proof to substantiate a charge for patent infringement rests on the party alleging the same, subject, however, to sub-Section b) below, and other applicable laws.

b) If the subject matter of a patent is a process for obtaining a product, any identical product is presumed to have been obtained through the use of the patented process if: (i) the product is new; or (ii) there is 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 such cases, the court shall then order the defendant or alleged infringer to prove that the process to obtain

the identical product is different from the patented process, subject to the court's adoption of measures to protect, as far as practicable, said defendant or alleged infringer's manufacturing and business secrets.

SEC. 2. *Patents issued presumed valid.* – a) In all cases, a letters patent issued by the Intellectual Property Office – Bureau of Patents, or its predecessor or successor-agencies, is *prima facie* evidence of its existence and validity during the term specified therein against all persons, unless the same has already been cancelled or voided by a final and executory judgment or order.

b) Moreover, letters patents issued by the Intellectual Property Office – Bureau of Patents, or its predecessor or successor-agencies, are presumed to have been validly issued by said government agency in accordance with applicable laws, unless otherwise contradicted or overcome by other admissible evidence showing that the same was irregularly issued.

SEC. 3. *Presumption regarding knowledge of existing patent rights.* – For purposes of awarding damages in patent infringement cases, it is presumed that the defendant or alleged infringer knew of the existence of a patent over a protected invention or process, if: (a) on the patented invention or product manufactured using the patented process; (b) on the container or package in which said article is supplied to the public; or (c) on the advertising material relating to the patented product or process, are placed the words "*Philippine Patent*" with the number of the patent.

SEC. 4. *Request for technical advice.* – In patent infringement cases, the court, *motu proprio* or upon motion by a party, may order the creation of a committee of three (3) experts to provide advice on the technical aspects of the patent in dispute. Within thirty (30) days from receipt of the

order creating the committee, each side shall nominate an expert, who shall then both be appointed by the court. The court shall appoint the third expert from a list submitted by the experts of each side. All fees and expenses relating to the appointment of a committee shall be initially equally shouldered by the parties but may later on be adjudicated by the court in favor of the prevailing party.

To assist in the trial involving highly-technical evidence or matters, the court may also request the IPO to provide equipment, technical facilities, and personnel.

SEC. 5. *Application to utility models and industrial designs.* – The above rules shall likewise be applicable to infringement cases involving utility models and industrial designs.

Rule 18

EVIDENCE IN TRADEMARK INFRINGEMENT AND UNFAIR COMPETITION CASES

SECTION 1. *Certificate of registration.* – A certificate of registration of a mark shall be *prima facie* evidence of:

- a) the validity of the registration;
- b) the registrant's ownership of the mark; and
- c) the registrant's exclusive right to use the same in connection with the goods or services and those that are related thereto specified in the certificate.

SEC. 2. *Well-known mark.* – In determining whether a mark is well-known, account shall be taken of the knowledge of the relevant sector of the public, rather than of the public at large, including knowledge in the Philippines which has been obtained as a result of the promotion of the mark. The following criteria or any combination thereof may be taken into account in determining whether a mark is well-known:

- a) the duration, extent and geographical area of any use of the mark; in particular, the duration, extent and geographical area of any promotion of the mark, including advertising or publicity and the presentation, at fairs or exhibitions, of the goods and/or services to which the mark applies;
- b) the market share, in the Philippines and in other countries, of the goods and/or services to which the mark applies;
- c) the degree of the inherent or acquired distinction of the mark;
- d) the quality-image or reputation acquired by the mark;
- e) the extent to which the mark has been registered in the world;
- f) the exclusivity of registration attained by the mark in the world;
- g) the extent to which the mark has been used in the world;
- h) the exclusivity of use attained by the mark in the world;
- i) the commercial value attributed to the mark in the world;
- j) the record of successful protection of the rights in the mark;
- k) the outcome of litigations dealing with the issue of whether the mark is a well-known mark; and
- l) the presence or absence of identical or similar marks validly registered for or used on identical or similar goods or services and owned by persons other than the person claiming that his mark is a well-known mark.

Provided, further, that the mark is well-known both internationally and in the Philippines.

SEC. 3. *Presumption of likelihood of confusion.* – Likelihood of confusion shall be presumed in case an identical sign or mark is used for identical goods or services.

SEC. 4. *Likelihood of confusion in other cases.* – In determining whether one trademark is confusingly similar to or is a colorable imitation of another, the court must consider the general impression of the ordinary purchaser, buying under the normally prevalent conditions in trade and giving the attention such purchasers usually give in buying that class of goods. Visual, aural, connotative comparisons and overall impressions engendered by the marks in controversy as they are encountered in the realities of the marketplace must be taken into account. Where there are both similarities and differences in the marks, these must be weighed against one another to see which predominates.

In determining likelihood of confusion between marks used on non-identical goods or services, several factors may be taken into account, such as, but not limited to:

- a) the strength of plaintiff's mark;
- b) the degree of similarity between the plaintiff's and the defendant's marks;
- c) the proximity of the products or services;
- d) the likelihood that the plaintiff will bridge the gap;
- e) evidence of actual confusion;
- f) the defendant's good faith in adopting the mark;
- g) the quality of defendant's product or service; and/or

h) the sophistication of the buyers.

–“Colorable imitation” denotes such a close or ingenious imitation as to be calculated to deceive ordinary persons, or such a resemblance to the original as to deceive an ordinary purchaser giving such attention as a purchaser usually gives, as to cause him to purchase the one supposing it to be the other.

SEC. 5. *Determination of similar and dissimilar goods or services.* – Goods or services may not be considered as being similar or dissimilar to each other on the ground that, in any registration or publication by the Office, they appear in different classes of the Nice Classification.

SEC. 6. *Intent to defraud or deceive.* – In an action for unfair competition, the intent to defraud or deceive the public shall be presumed:

- a) when the defendant passes off a product as his by using imitative devices, signs or marks on the general appearance of the goods, which misleads prospective purchasers into buying his merchandise under the impression that they are buying that of his competitors;
- b) when the defendant makes any false statement in the course of trade to discredit the goods and business of another; or
- c) where the similarity in the appearance of the goods as packed and offered for sale is so striking.

SEC. 7. *Generic marks.* – 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 test for determining whether the mark is or has become the generic name of goods or services on or in connection with which it has been used shall be the primary significance of the mark to the relevant public rather than purchaser motivation.

Rule 19

EVIDENCE IN COPYRIGHT CASES

SECTION 1. *When copyright presumed to subsist.* – In copyright infringement cases, copyright shall be presumed to subsist in the work or other subject matter to which the action relates, and ownership thereof shall be presumed to belong to complainant if he so claims through affidavit evidence under Section 218 of the Intellectual Property Code, as amended, unless defendant disputes it and shows or attaches proof to the contrary in his answer to the complaint. A mere denial of the subsistence of copyright and/or ownership of copyright based on lack of knowledge shall not be sufficient to rebut the presumption.

SEC. 2. *Effect of registration and deposit.* – Registration and deposit of a work with the National Library or the Intellectual Property Office shall not carry with it the presumption of ownership of the copyright by the registrant or depositor, nor shall it be considered a condition *sine qua non* to a claim of copyright infringement.

SEC. 3. *Presumption of authorship.* – The natural person whose name is indicated on a work in the usual manner as the author shall, in the absence of proof to the contrary, be presumed to be the author of the work. This presumption applies even if the name is a pseudonym, provided the pseudonym leaves no doubt as to the identity of the author.

The person or body corporate whose name appears on an audio-visual work in the usual manner shall, in the absence of proof to the contrary, be presumed to be the maker of said work.

SEC. 4. *International registration of works.* – A statement concerning a work, recorded in an international register in accordance with an international treaty to which the Philippines is or may become a party, shall be construed as true until the contrary is proved, except:

- a) Where the statement cannot be valid under Republic Act No. 8293, as amended, or any other law concerning intellectual property; or
- b) Where the statement is contradicted by another statement recorded in the international register.

Rule 20

ORDER OF DESTRUCTION

SECTION 1. *Order of destruction.* – At any time after the filing of the complaint or information, the court, upon motion and after due notice and hearing where the violation of the intellectual property rights of the owner is established, may order the destruction of the seized infringing goods, objects and devices, including but not limited to, sales invoices,

other documents evidencing sales, labels, signs, prints, packages, wrappers, receptacles, and advertisements and the like used in the infringing act.

Such hearing shall be summary in nature with notice of hearing to the defendant or accused to his last known address to afford the defendant or accused the opportunity to oppose the motion.

SEC. 2. *Conditions for order of destruction.* – The court may only issue an Order of Destruction, subject to the following conditions:

- a) An inventory and photographs of the seized infringing goods have been taken before destruction at the place where the seized infringing goods are stored;
- b) The taking of the inventory and photographs must be witnessed and attested to by: (1) the accused or counsel or agent, or in their absence, an officer of the *barangay* where the seized infringing goods are stored; (2) the complainant, his representative or counsel; (3) the public officer who seized the items or a representative of his office; and (4) a court officer authorized by the court to supervise the destruction of the seized infringing goods;
- c) Representative samples of the seized infringing goods have been retained in a number and nature as to suffice for evidentiary purposes;
- d) An inventory of the representative samples has been made by the persons enumerated under (b) above;
- e) The court officer authorized to supervise the destruction has submitted a report thereon, within five (5) days from the date of destruction, to which is attached (i) the inventory and

photographs of the seized infringing goods and (ii) the inventory of the representative samples; and

f) The applicant has posted a bond in an amount fixed by the court.

SEC. 3. *Admissibility of representative samples.* – Representative samples of the goods, objects and devices referred to in this Rule, together with the inventory and photographs of the same, shall be admissible in lieu of the actual items.

Rule 21

REPORTORIAL REQUIREMENTS

SECTION 1. *Reportorial requirements.* – Within thirty (30) days from the issuance of the decision or final order, the court shall furnish the IPO a copy of the decision or final order.

Rule 22

TRANSITORY PROVISION

SECTION 1. *Transitory provision.* –These Rules shall be applicable to all pending intellectual property cases, whenever practicable as determined by the court.

Rule 23

EFFECTIVITY

SECTION 1. *Effectivity* – These Rules shall take effect fifteen (15) days after their publication in two (2) newspapers of national circulation.