

Enforcing Intellectual Property Rights in the Philippines: A Private Affair

Josephine Rima-Santiago*

Senando Angelo R. Santiago**

I. INTRODUCTION.....	1076
A. <i>A Christmas Tale</i>	
B. <i>Understanding the Private Nature of Intellectual Property Rights</i>	
II. SUBSTANTIVE LAW EVINCING THE PRIVATE NATURE OF INTELLECTUAL PROPERTY RIGHTS: THE TRIPS AGREEMENT....	1082
III. PROCEDURAL MANIFESTATIONS OF THE PRIVATE NATURE OF INTELLECTUAL PROPERTY RIGHTS	1084
A. <i>Judicial</i>	
B. <i>Administrative</i>	
IV. IMPLICATIONS ON ENFORCEMENT OF THE PRIVATE NATURE OF INTELLECTUAL PROPERTY RIGHTS	1094
A. <i>Knowledge of Authenticity</i>	
B. <i>Initiation of Complaint</i>	
C. <i>Legal and Logistical Issues</i>	
V. INVOKING OTHER LAWS.....	1100

* '03 LL.M., University of Turin; '83 LL.B., University of the Philippines College of Law. She is the fourth Director General of the Intellectual Property Office of the Philippines (IPOP HL), having assumed office in October 2015. She has an expansive and extensive experience in the field of the intellectual property (IP) system that traverses two decades in government and in the private realm. In government, she was former Deputy Director General, IPOP HL (1999-2002); Director, Technology Application and Promotion Institute of the Department of Science and Technology (2006-2008); and an Alternative Dispute Resolution practitioner, IPOP HL (2011-2015). In the private sector, she was an intellectual property rights (IPR) consultant and a legal practitioner, educator, and researcher. She is a member of the faculty of law at the De La Salle University College of Law and the Arellano School of Law, and has taught Intellectual Property for ten years.

** '19 J.D. *can.*, University of the Philippines College of Law. He works in the IPOP HL, where he is designated as the Special Projects and Communications Officer of the Director General, and is occasionally tapped to conduct lectures and workshops on innovation, copyright, and basics of IP to various audiences.

Cite as 62 ATENEO L.J. 1075 (2018).

A. *By Private Persons Alone*

B. *Through the Mandate of Various Government Agencies*

VI. CONCLUSION 1109

I. INTRODUCTION

A. *A Christmas Tale*

Imagine you are doing your Christmas shopping. You are strolling along rows upon rows of *tiangge* stalls in your favorite bazaar, looking for gifts to buy. Christmas songs are crackling from the *tianggihan's* old sound system. Like you, throngs of people rustle about doing their last-minute gift-buying.

Your first stop — a clothes stall. Hanging on a rack by the entryway, you see a variety of polo shirts carrying recognizable icons: a crocodile, a man with a polo stick atop a horse, a question mark embedded within an inverted triangle. “It is a bargain,” you think excitedly, after finding out that they are for ₱500 apiece. You then proceed to feel the texture of the clothes. Despite bearing different brands, for some reason unbeknownst to you, they have the same feel. You ask the vendor, “*Ate*, original *ba ito?*” (“Miss, is this original?”). And they reply, “Class A *po iyan*. *Kung gusto po ninyo ng original, mayroon din kami, kaso ₱900*” (“It is Class A. If you want original, we also have, but for ₱900.”). You decide to look at other merchandise.

Strewn on the table are a variety of denims. Some have a red tab stitched to the back right pocket. Some jeans have back pockets with two distinctive intersecting arches. “Sale ₱500,” says the sign on top of the mess of jeans. Looking closely at the names emblazoned on the pants, however, you see “VELI’s”, “Whose?”, and some pants carrying a Chinese name written in Latin letters. It is time to move to the next stall.

Rubber shoes — lots of them! You scrutinize the first pair bearing three stripes that you could get your hands on. The design is not bad, for sure, but the brand name says “Adidos”. You get the pair of shoes beside it which carries a swoosh mark which goes from right to left. You think that its chic design suits you, but then you realize, “Shouldn’t the swoosh mark go from left to right?” Not far away, you see pairs of slippers with the correct orientation of the swoosh mark carrying the name “NKIE”. Other slippers bear the Brazilian flag and text, which says “Havanas”. At this point, you decide to buy toys for your niece first.

You walk past a stall selling Christmas lights, and you recall the advisory from the Department of Trade and Industry (DTI) which said, “Buy only those lights with the ICC stickers, to ensure your safety!”¹ You notice those lights have no such sticker.

Another stall you pass by sells more rip-offs at a cheap price: earphones at ₱35 each, headphones for ₱300, 3-in-1 charging cables for ₱100. You think they are another bargain, but the vendor tells you that they are “Class A,” “replica,” or even “authentic.” You know they are not original. You continue.

At last, the toy stall. Near the wall, you see Scrabble sets, fetching ₱300 apiece. They look like the ones sold in malls — only they are five times cheaper. Upon closer scrutiny, however, you see that the packaging seems flimsy, and you notice small typographical errors on the print. Female dolls having a slim physique, straight blond hair, and light pink lipstick are on display, but their boxes say “Fashion Doll”, “Benign Girl”, “Linglier”, “Lucy”, and one even says “Berbie”. You do not bother looking at the toy cars anymore. “Maybe not,” you think, fearful of the news about children being poisoned by lead.

Nevertheless, for the bargain hunters and the price-conscious, these things are great finds. Never mind the quality — so long as the price is cheap, they buy. However, for those much more concerned about quality and safety, they would know, based on experience, that all these things are most likely counterfeit.

This may be a familiar scenario in other bazaars or market places in some parts of the country, and it is not strange to also find this in some commercial centers. If you have traveled abroad, you most probably have already encountered a similar phenomenon in the markets you have been to.

In the midst of the calls of vendors beckoning customers to patronize their Class A clothes, the television screens of various DVD vendors showing a camcorderd video version of the latest movie, and knockoff consumer electronics blaring out remixed versions of the most recent dance craze, you wonder where the law enforcement agencies or perhaps the Intellectual Property Office of the Philippines (IPOPHL) is. You would think, at the very least, the IPOPHL should be policing places such as these to protect intellectual property rights (IPR).

1. Department of Trade and Industry, *Be Cautious, Buy ICC-Marked Christmas Lights* — DTI, available at <https://www.dti.gov.ph/82-main-content/9723-be-cautious-buy-icc-marked-christmas-lights-dti> (last accessed May 4, 2018).

This is, however, a legal reality — IPR are private in nature. Enforcing such rights is the sole prerogative of the holder of the same and of nobody else. Thus, the government, through the IPOPHL, cannot enforce IPR *motu proprio*. For the entire government mechanism to start working in the enforcement of IPR, a complaint or an information must be instituted by the rights holder.

B. Understanding the Private Nature of Intellectual Property Rights

I. Philosophical Foundations

The English philosopher John Locke in his treatise on property suggests that “the earth, and all inferior creatures”² are owned in common by everybody. The thing that one can own is his or her own person and extending the concept, even “the work of his [or her] hands, [one] may say, are properly his [or hers.]”³ Offering his *labor theory of property*, Locke maintains that something can be appropriated from the *commons* if one would take the same “out of the state that nature has provided and left it in,” effectively mixing his or her labor, and joined it to something he or she owned.⁴ Stated differently, the labor that one mixes with something owned in common by others “transforms” that thing into private property.

2. JOHN LOCKE, SECOND TREATISE OF CIVIL GOVERNMENT 25, § 27 (2016 ed.).
John Locke states,

Though the earth, and all inferior creatures, be common to all [persons], yet every [person] has a property in his [or her] own person: this [nobody] has any right to buy himself [or herself]. The [labor] of his [or her] body, and the work of his [or her] hands, we may say, are properly his [or hers]. Whatsoever then he [or she] removes out of the state that nature hath provided, and left it in, he [or she] hath mixed [his or her labor] with, and joined to it something that is his [or her] own, and thereby makes it his [or her] property. It being by him [or her] removed from the common state nature hath placed it in, it hath by this [labor] something annexed to it, that excludes the common right of other [persons] — for this [labor] being the unquestionable property of the [laborer], no [person] but he [or she] can have a right to what that is once joined to, at least where there is enough, and as good, left in common for others.

Id.

3. *Id.*

4. *Id.*

The German philosopher Georg Wilhelm Friedrich Hegel offers a different perspective. He speaks of a person as having an infinite free will, which, after being applied to “any and every thing[.]”⁵ causes the appropriation of the thing. Such things, he claims, derive their “destiny and soul from his [or her] will.”⁶ He continues, “since my will, as the will of a person, and so as a single will, becomes objective to me in property, *property acquires the character of private property*[.]”⁷

For Locke, it is *labor* that gives rise to the creation of private property.⁸ For Hegel, it is a person’s *free will* imposed upon things that bring them into private dominion.⁹ In either case, the person who had mixed in his or her labor or free will would then be entitled to the bundle of rights¹⁰ that arise with the creation of an owner-thing relationship over that object. Said rights can be exercised by that person alone. Moreover, in the enjoyment of the same rights, the owner of a thing may *exclude* others from enjoying the property,¹¹ such as by putting up a fence.¹² Also, the person may go to great

5. GEORG WILHELM FRIEDRICH HEGEL, *THE PHILOSOPHY OF RIGHT* 23, § 44 (Thomas Malcolm Knox trans., 1955). Georg Wilhelm Friedrich Hegel writes,

A person has as his [or her] substantive end the right of putting his [or her] will into any and every thing and thereby making it his [or hers], because it has no such end in itself and derives its destiny and soul from his [or her] will. This is the absolute right of appropriation which [a person] has over all ‘things.’

Id.

6. *Id.*

7. *Id.* at 23, § 46 (emphasis supplied). Hegel explains,

Since my will, as the will of a person, and so as a single will, becomes objective to me in property, property acquires the character of private property; and common property of such a nature that it may be owned by separate persons acquires the character of an inherently dissoluble partnership in which the retention of my share is explicitly a matter of my arbitrary preference.

Id.

8. See LOCKE, *supra* note 2, at 25, § 27.

9. See HEGEL, *supra* note 5, at 23, §§ 44 & 46.

10. Alina Ng, *Literary Property and Copyright*, 10 NW. J. TECH. & INTELL. PROP. 531, 540-42 (2012).

11. An Act to Ordain and Institute the Civil Code of the Philippines, [CIVIL CODE], Republic Act No. 386, art. 429 (1950).

12. *Id.* art. 430.

lengths as to *prohibit* another from usurping the rights that are properly his or hers.¹³ He or she has become entitled to exercise the full range of the *exclusive, negative, and private* bundle of rights that come with ownership of property.

While the Lockean and Hegelian philosophies are readily applied to things that are tangible, such as “the earth and all inferior creatures,”¹⁴ they are as easily applicable to intangible property, to which belongs intellectual property (IP).

The parallel concept of Locke’s *commons* in IP parlance is the *public domain*, which “generally consist of intangible materials that are not subject to exclusive IPR and, which are, therefore, freely available to be used or exploited by any person.”¹⁵ For IP to be born, its creator taps the vast and rich public domain, and, applying *labor* or *free will*, makes “creations of the mind”¹⁶ in the “industrial, scientific, literary[,] or artistic fields”¹⁷ over which the creator enjoys an analogous bundle of *exclusive, negative, and private* rights.

2. Understanding the Exclusive, Negative, and Private Characteristics of Intellectual Property in the Philippine Legal System

IPR may be exercised solely (exclusively) by the owner of the IPR, or upon his or her permission or consent.¹⁸ No less than the 1987 Constitution echoes this principle, to wit — “The State shall protect and secure the *exclusive rights* of scientists, inventors, artists, and other gifted citizens *to their*

13. *Id.* art. 429.

14. LOCKE, *supra* note 2, at 25.

15. World Intellectual Property Organization, Note on the Meanings of the Term “Public Domain” in the Intellectual Property System with Special Reference to the Protection of Traditional Knowledge and Traditional Cultural Expressions/Expressions of Folklore, WIPO/GRTKF/IC/17/INF/8 (2010).

16. World Intellectual Property Organization, What is Intellectual Property?, available at http://www.wipo.int/edocs/pubdocs/en/intproperty/450/wipo_pub_450.pdf (last accessed May 4, 2018).

17. Convention Establishing the World Intellectual Property Organization art. 2 (viii), *opened for signature* July 14, 1967, 828 U.N.T.S. 3 (as amended on Sep. 28, 1979).

18. See An Act Prescribing the Intellectual Property Code and Establishing the Intellectual Property Office, Providing For Its Powers And Functions, And For Other Purposes [INTELL. PROP. CODE], Republic Act No. 8293, § 2 (1997) (as amended).

[IP] and creations, particularly when beneficial to the people, for such period as may be provided by law.”¹⁹ In the exercise of this exclusivity, a variety of rights are available to the owner, as for example, reproducing their own works of art, granting of licenses, and pursuing court action for the redress of these rights.²⁰

At the same time, the owner can prevent or prohibit others from doing acts that spring from these rights. Generally, IPR are *negative rights* as they merely allow the owner or rights holder to *prevent, prohibit, or restrain* the unauthorized exercise of third persons of the exclusive rights granted by law.²¹ For instance, a patentee has *no statutory right* to manufacture, offer for sale, use, sell, or import the patented product (a positive right); rather, his or her right is *only* to prohibit, prevent, or restrain third parties from manufacturing, offering for sale, using, selling, or importing the patented product (a negative right).²² Similarly, the rights conferred by trademark registration consist of “the exclusive right[s] to prevent all third parties not having the owner’s consent” from doing the acts specified in Section 147.²³ However, with respect to the economic rights granted by copyright which “consist of the exclusive right[s] to carry out, authorize[,] or prevent” certain acts listed in Sections 177.1 to 177.6, this bundle of rights are both *positive* and *negative*.²⁴

As regards the private nature of IPR, they can only be exercised by the owner of the rights or one authorized by the same. Where such rights are being infringed upon, the private nature of IPR effectively limits their enforcement or vindication to the owner or one authorized and to nobody else. Thus, the enforcement of IPR is limited to the discretion, wisdom, and prerogative of their owner. Where the owner does not exercise his or her right to pursue and initiate enforcement actions, nobody else can do that for him or her — not even the government in the exercise of police power for such rights are already private property that the government may not deprive him or her without due process.

For this Article, the Authors will only focus on the private nature of IP as applied in the local context.

19. PHIL. CONST. art. XIV, § 13 (emphases supplied).

20. See, e.g., INTELL. PROP. CODE, §§ 87, 155-56, 168, 177, & 216.

21. See INTELL. PROP. CODE, §§ 71, 147, & 177.

22. *Id.*

23. INTELL. PROP. CODE, § 147.

24. *Id.* § 177.

II. SUBSTANTIVE LAW EVINCING THE PRIVATE NATURE OF INTELLECTUAL PROPERTY RIGHTS: THE TRIPS AGREEMENT

IPR have, since 1883, been the subject of international protection through treaties and executive agreements, 10 of which the Philippines is a signatory.²⁵ One is the Agreement on the Trade-Related Aspects of Intellectual Property (TRIPS Agreement),²⁶ where the members thereto recognize that “[IPR] are private rights[.]”²⁷

As one looks at the history of the TRIPS Agreement, the incorporation of such reference can be traced to the “insistence of the Hong Kong Delegation” when the negotiations for the TRIPS Agreement were being undertaken.²⁸

25. These agreements are:

- (a) Concerning IP in general — Convention establishing the World Intellectual Property Organization (WIPO) and the Agreement on Trade-Related Aspects of Intellectual Property Rights, including Trade in Counterfeit Goods.
- (b) Relating to copyright and related rights — Berne Convention for the Protection of Literary and Artistic Works; Rome Convention for the Protection of Performers, Producers of Phonograms, and Broadcasting Organizations; and the WIPO Internet Treaties — WIPO Copyright Treaty and WIPO Performances and Phonograms Treaty.
- (c) Relating to industrial property, in general — Paris Convention for the Protection of Industrial Property.
- (d) Relating to patents — Budapest Treaty on the international recognition of the Deposit of Microorganisms for Purposes of Patent Procedure; and Patent Cooperation Treaty.
- (e) Relating to trademarks — Madrid Protocol (This is an executive agreement and not a protocol, as per Supreme Court ruling in the case of *Intellectual Property Association of the Philippines v. Ochoa*).

See generally World Intellectual Property Organization, Summaries of Conventions, Treaties and Agreements Administered by WIPO, available at www.wipo.int/edocs/pubdocs/en/intproperty/442/wipo_pub_442.pdf (last accessed May 4, 2018) & *Intellectual Property Association of the Philippines v. Ochoa*, 797 SCRA 134 (2016).

26. Agreement on Trade-Related Aspects of Intellectual Property Rights, *opened for signature* Apr. 15, 1994, 1869 U.N.T.S. 299 [hereinafter TRIPS Agreement].

27. *Id.* pmb1.

28. WENWEI GUAN, INTELLECTUAL PROPERTY THEORY AND PRACTICE: A CRITICAL EXAMINATION OF CHINA’S TRIPS COMPLIANCE AND BEYOND, 12-13 (2014).

Even earlier, in 1989, the Hong Kong Delegation, in its submission to the Group of Negotiation on Goods (General Agreement on Tariffs and Trade), “considers that emphasis should rest primarily on civil procedures, as they appear the most appropriate to protect *private rights*.”²⁹ Apparently, to the mind of the Hong Kong Delegation, the enforcement of IPR is the burden of the rights holder and not the government.³⁰ This principle was reinforced in the Report made by a Panel of the World Trade Organization in 2009, which states,

The Panel also observes that a common feature of Sections 2, 3[,] and 4 of Part III of the TRIPS Agreement is *that the initiation of procedures under these Sections is generally the responsibility of private right holders*. This is reflected in the first sentence of Article 42 and the first sentence of Article 51, the reference to an ‘applicant’ in Article 50.3 and 50.5, the reference to ‘request[s]’ in Articles 46 and 48.1, and the option (not obligation) to make *ex officio* action available under Article 58. Viewed in context, the phrase ‘shall have the authority’ does not require Members to take any action in the absence of an application or request. Therefore, a condition that authority shall only be available upon application or request seems to be assumed in much of Sections 2, 3[,] and 4 of Part III. This is consistent with the nature of [IPR] as private rights, as recognized in the fourth recital of the [P]reamble of the TRIPS Agreement. Acquisition procedures for substantive rights and civil enforcement procedures generally have to be initiated by the right holder and not *ex officio*.³¹

On criminal enforcement of IPR, the Report elucidates,

One of the major reasons for the conclusion of the TRIPS Agreement was the desire to set out a minimum set of procedures and remedies that judicial, border[,] and other competent authorities must have available to them.

...

Whilst some of the [preexisting] international [IP] agreements or conventions contain provisions on the characteristics of enforcement

29. *Id.* at 13 (citing Enforcement of Intellectual Property Rights, *Hong Kong Submission to Negotiating Group on Trade-Related Aspects of Intellectual Property Rights, including Trade in Counterfeit Goods*, ¶ 9, MTN.GNG/NG11/W/54 (Dec. 7, 1989)).

30. GUAN, *supra* note 28, at 13.

31. *Id.* (citing Panel Report, *China — Measures Affecting the Protection and Enforcement of Intellectual Property Rights*, ¶ 7.247, WT/DS362/R (Jan. 26, 2009) [hereinafter *Measures Affecting the Protection and Enforcement of Intellectual Property Rights*] (emphasis supplied)).

mechanisms, it is striking that none of them create any specific minimum standard for criminal enforcement procedures. Among the international IP agreements with wide membership, Article 61 of the TRIPS Agreement is, in this sense, unique.

[] *This reflects, in part, the fact that [IPR] are private rights*, as recognized in the fourth recital of the Preamble to the TRIPS Agreement. In contrast, criminal procedures are designed to punish acts that transgress societal values. This is reflected in the use of the word ‘penalties’ in Article 61.³²

All told, IPR are private rights, and all 164 signatories to the TRIPS Agreement recognize that principle.³³

III. PROCEDURAL MANIFESTATIONS OF THE PRIVATE NATURE OF INTELLECTUAL PROPERTY RIGHTS

Echoing the principle in the TRIPS Agreement that IPR are private rights, our procedural rules are replete with provisions that evince this.

A. Judicial

1. Rules of Procedure for Intellectual Property Rights Cases

Rule 3, Section 2 of the Rules of Procedure for Intellectual Property Rights Cases³⁴ states who may file a civil action,³⁵ i.e., those who have a cause of

32. *Measures Affecting the Protection and Enforcement of Intellectual Property Rights*, *supra* note 31, ¶¶ 7.241 & 7.529–7.530 (emphasis supplied). Article 61 of the TRIPS Agreement provides that

Members shall provide for criminal procedures and penalties to be applied at least in cases of willful trademark counterfeiting or copyright piracy on a commercial scale. Remedies available shall include imprisonment and/or monetary fines sufficient to provide a deterrent, consistently with the level of penalties applied for crimes of a corresponding gravity. In appropriate cases, remedies available shall also include the seizure, forfeiture[,] and destruction of the infringing goods and of any materials and implements the predominant use of which has been in the commission of the offence. Members may provide for criminal procedures and penalties to be applied in other cases of infringement of [IPR], in particular where they are committed willfully and on a commercial scale.

TRIPS Agreement, *supra* note 26, § 5, art. 61.

33. World Intellectual Property Organization, Other IP Treaties, *available at* http://www.wipo.int/wipolex/en/other_treaties/parties.jsp?treaty_id=231&group_id=22 (last accessed May 4, 2018).

action under these Rules: any IPR owner, natural or juridical, whose right may have been violated, or anyone possessing any right, title, or interest under claim of ownership in any IPR whose right may have been violated.³⁶

These Rules are applicable not only to Filipinos who are domiciled or have a real and effective industrial establishment in the Philippines, but also to natural or juridical persons who are nationals or who are domiciled or have real and effective industrial establishments (even if not engaged in business in the Philippines) in any country which is a co-party of the Philippines to “any convention, treaty[,] or agreement relating to [IPR] or the repression of unfair competition[;]”³⁷ or “extends reciprocal rights to nationals of the Philippines by law[.]”³⁸

Likewise, the criminal actions covered by these Rules originate from the submission of a prior verified complaint³⁹ with the Department of Justice or

34. RULES OF PROCEDURE FOR INTELLECTUAL PROPERTY RIGHTS CASES, A.M. No. 10-3-10-SC (Oct. 18, 2011).

35. *Id.* rule 3, § 2. Rule 3, Section 2 of the Rules of Procedure for Intellectual Property Rights Cases provides,

Who may file an action under these Rules. — Any [IPR] owner, or anyone possessing any right, title[,] or interest under claim of ownership in any [IPR], 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 [IPR] 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.

Id.

36. *Id.*

37. *Id.*

38. *Id.*

39. RULES OF PROCEDURE FOR INTELLECTUAL PROPERTY RIGHTS CASES, rule 11, § 1. Rule 11, Section 1 states that “[t]he 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.” *Id.*

the office of the prosecutor which has jurisdiction over the offense charged.⁴⁰

40. RULES OF PROCEDURE FOR INTELLECTUAL PROPERTY RIGHTS CASES, rule 12, § 1. Section 1, Rule 12 of the Rules of Procedure for Intellectual Property Rights Cases provides, as follows —

[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] 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 [or she] personally examined the complainant and that he [or she] 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 [or her] 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

According to the Rules, the verified 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.”⁴¹ Of course, such capacity or authority would only come from no less than the owner or the holder of the right.

Similarly, the same provision provides,

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 [IPR] 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.⁴²

2. Rule on Search and Seizure in Civil Actions for Infringement of Intellectual Property Rights

The 2002 Rule on Search and Seizure in Civil Actions for Infringement of Intellectual Property Rights⁴³ likewise indicates that the *writ of search and seizure* is for the benefit of the IPR holder in relation to pending or intended civil actions for infringement, to wit —

[Section] 2. The writ of search and seizure. — *Where any delay is likely to cause irreparable harm to the [IPR] holder or where there is demonstrable risk of evidence being destroyed, the [IPR] holder or his [or her] duly authorized representative* in a pending civil action for infringement or who intends to commence such an action may apply *ex parte* for the issuance of a writ of search and seizure directing the alleged infringing defendant or expected adverse party to admit into his [or her] premises the persons named in 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.

Id.

41. *Id.* (emphasis supplied).

42. *Id.*

43. RULE ON SEARCH AND SEIZURE IN CIVIL ACTIONS FOR INFRINGEMENT OF INTELLECTUAL PROPERTY RIGHTS, A.M. No. 02-1-06-SC (Jan. 30, 2002).

order and to allow the search, inspection, copying, photographing, audio and audiovisual recording[,] or seizure of any document and article specified in the order.⁴⁴

The same Section also states that the party to a civil action for infringement is the IPR holder or his or her duly authorized representative.⁴⁵

Another section of the Rule provides the grounds for issuance of the order —

[Section] 6. Grounds for the issuance of the order. — Before the Order can be issued, the *evidence proffered by the applicant and personally evaluated by the judge must show that:*

- (a) *the applicant is the right holder or his [or her] duly authorized representative;*
- (b) *there is probable cause to believe that the applicant's right is being infringed or that such infringement is imminent and there is a prima facie case for final relief against the alleged infringing defendant or expected adverse party;*
- (c) *damage, potential or actual, likely to be caused to the applicant is irreparable;*
- (d) *there is demonstrable risk of evidence that the alleged infringing defendant or expected adverse party may destroy, hide[,] or remove the documents or articles before any application *inter partes* can be made; and*
- (e) *the documents and articles to be seized constitute evidence of the alleged infringing defendant's or expected adverse party's infringing activity or that they infringe upon the [IPR] of the applicant or that they are used or intended to be used as means of infringing the applicant's [IPR].*⁴⁶

The writ can only be issued if the judge is satisfied with the proof of facts presented,⁴⁷ among others, that it is the applicant himself or herself or

44. *Id.* § 2 (emphasis supplied).

45. *Id.*

46. *Id.* § 6 (emphases supplied).

47. *Id.* § 7. Section 7 reads,

If the judge is satisfied with the proof of facts upon which the application is based, he [or she] shall issue the writ requiring the search, inspection[,] or copying of the subject documents or articles or commanding the sheriff to take them into his [or her] custody subject

his or her duly authorized representative who is applying,⁴⁸ and that it is *his* or *her* right that is actually or potentially damaged by the “alleged infringing defendant or expected adverse party[.]”⁴⁹

The presence of the applicant or his or her representative is important during the enforcement of the writ. In fact, the writ to be issued shall contain the names of the applicant or his or her representative who shall accompany in its enforcement.⁵⁰

B. Administrative

The IPOPHL deals with rights pertaining to the owner of IPR through its examination and patent granting or registration processes, and is concerned with protecting the rights of its stakeholders including the public.⁵¹ When IPR have been violated, the rights holder may file an administrative case for infringement before the IPOPHL where the amount of damages is ₱200,000 or more.⁵² Special Commercial Courts have jurisdiction over civil and criminal cases, regardless of amount of damages claimed.⁵³ When a mark is believed to be confusingly similar to another’s registered mark, the owner of the latter may file an *inter partes* case for opposition or cancellation, as the case may be.⁵⁴

to the control of the court. The enforcement of the writ shall be supervised by an independent Commissioner to be appointed by the court.

Id.

48. RULE ON SEARCH AND SEIZURE IN CIVIL ACTIONS FOR INFRINGEMENT OF INTELLECTUAL PROPERTY RIGHTS, § 6 (a).

49. *Id.* § 6 (b).

50. *Id.* § 8 (d). Section 8 (d) states, “The writ shall contain the following: ... (d) the names of the applicant or his [or her] agent or representative and the Commissioner who shall supervise the enforcement of the writ[.]” *Id.*

51. See INTELL. PROP. CODE, § 5.

52. INTELL. PROP. CODE, § 10.2.

53. RULES OF PROCEDURE FOR INTELLECTUAL PROPERTY RIGHTS CASES, rule 2, § 2.

54. See INTELL. PROP. CODE, §§ 140 & 151. See also Intellectual Property Office of the Philippines, Regulations on *Inter Partes* Proceedings, rule 2, § 1 (Oct. 5, 1998).

One need not look far from the rules of procedure promulgated by the IPOPHL to know that the adjudication and enforcement of IPR are private in nature.

1. IPOPHL Regulations on *Inter Partes* Proceedings

Inter partes cases are those involving opposition to trademark registration and cancellation of granted invention patents and registered trademarks, among others.⁵⁵

For patents, one of the grounds for cancellation thereof may be made by the person having the right to patent, or one declared by final court order or decision to be the true and actual inventor.⁵⁶ With respect to oppositions to

55. Regulations on *Inter Partes* Proceedings, rule 2, § 1. The Regulations on *Inter Partes* Proceedings enumerate what cases are considered *Inter Partes* cases, to wit

What are the Inter Partes Cases. — The following are the *Inter Partes* cases:

- (a) Oppositions to applications for the registration of trademark or service mark;
- (b) Petitions to cancel the registrations of trademarks or service marks;
- (c) Petitions to cancel invention patents, utility model registrations, industrial design registrations, or any claim or parts of a claim, and registrations of topography or layout design of integrated circuits based on Rule 402, paragraphs (a) and (b) of the Layout Design (Topography) of Integrated Circuits Regulations (Office Order No. 19, s. 2002)[;] and
- (d) Petitions for Compulsory Licensing.

Id.

56. *Id.* rule 3, § 1. The pertinent portion of Section 1, Rule 3 of the Regulations of *Inter Partes* Proceedings states,

Cancellation of Patents; Grounds. —

...

- (b) Cancellation by person having the right to the patent. A person declared by final court order or decision as having the right to the patent may, within three [] 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.

Id. rule 3, § 1 (b) & (c). *See also* INTELL. PROP. CODE, §§ 67-68.

applications for,⁵⁷ and petitions to cancel,⁵⁸ the registration of trademarks, the party who has the standing to file the proper initiatory pleading is any person who believes that the registration of a mark is causing or will cause damage to him, her, or it.⁵⁹

2. IPOPHL Rules and Regulations on Administrative Complaints for Violation of Laws Involving Intellectual Property Rights

The Rules and Regulations on Administrative Complaints for Violation of Laws Involving Intellectual Property Rights⁶⁰ are the administrative counterparts of the above Rules promulgated by the Supreme Court earlier discussed, without any marked difference in the persons having *locus standi* to initiate a suit.⁶¹

3. IPOPHL Revised Rules and Regulations on Resolution of Disputes Relating to the Terms of a License Involving the Author's Right to Public Performance or Other Communication of His or Her Work

The Rules on Resolution of Public Performance Disputes⁶² provides that the “aggrieved party”⁶³ is the only person entitled to file a complaint with

57. Regulations on *Inter Partes* Proceedings, rule 7, § 1. The Regulations on *Inter Partes* Proceedings gives authority to certain persons to oppose an application for registration of marks, stating that, “[a]ny natural or juridical person who believes that he/she or it would be damaged by the registration of a mark, may file a written notice of opposition to a trademark application.” *Id.* rule 7, § 1.

58. *Id.* rule 8, § 1. A person is also allowed under the Regulations on *Inter Partes* Proceedings to file a petition for cancellation, to wit — “Any person who believes that [he or she] is or will be damaged by the registration of a mark may file with the Bureau [of Legal Affairs of the IPOPHL] petition to cancel such registration.” *Id.* rule 8, § 1.

59. See INTELL. PROP. CODE, §§ 140 & 151.

60. Intellectual Property of the Philippines, Rules and Regulations on Administrative Complaints for Violation of Laws Involving Intellectual Property Rights (Dec. 2, 1998) (as amended).

61. See Rules and Regulations on Administrative Complaints for Violation of Laws Involving Intellectual Property Rights.

62. Intellectual Property Office of the Philippines, Revised Rules and Regulations on Resolution of Disputes Relating to the Terms of a License Involving the Author's Right to Public Performance or Other Communication of His Work [Rules on Resolution of Public Performance Disputes] (Sep. 30, 2013).

the Director of the Bureau of Copyright and Other Related Rights in relation to the terms of a license involving the author's right to public performance or other communication of his or her work.⁶⁴

4. Rules and Regulations in the Exercise of Enforcement Functions and
 Visitorial Power of the Intellectual Property Office, and Creating
 Thereby an Intellectual Property Rights Enforcement Office

The Rules of Procedure on Intellectual Property Rights Enforcement⁶⁵ governs the procedure in the exercise of the IPOPHL's enforcement functions and the exercise of the visitorial power granted by the Intellectual Property Code (IP Code) based on information, reports, and complaints received by the Office.⁶⁶ Rule III, Section 1 thereof provides that it is only "[a]ny right holder or authorized representative" who is entitled to file a complaint under the Rules for violations.⁶⁷ These violations are limited only to the following areas: manufacturing, production, importation, exportation, distribution, trading, and offering for sale, including other preparatory steps necessary to carry out the sale of counterfeit and pirated goods — so long as there is no other tribunal that has earlier exercised jurisdiction in cases involving the same issue/s or subject matter.⁶⁸

63. *Id.* § 5. Section 5 thereof states, "[*Who may file a complaint.*] — Any aggrieved party may file a complaint with the Bureau [of Copyright and Other Related Rights] upon payment of the required filing fee." *Id.*

64. *Id.* § 3. The Rules on Resolution of Public Performance Disputes says that, "[t]he Director of the Bureau [of Copyright and Other Related Rights] exercises original jurisdiction to resolve disputes relating to the terms of a license involving the author's right to public performance or other communication of his [or her] work." *Id.*

65. Intellectual Property Office of the Philippines, Rules and Regulations in the Exercise of Enforcement Functions and Visitorial Power of the Intellectual Property Office, and Creating Thereby an Intellectual Property Rights (IPR) Enforcement Office [Rules of Procedure on Intellectual Property Rights (IPR) Enforcement], rule I, § 1 (Aug. 12, 2013).

66. *Id.* rule I, § 2. Rule 1, Section 2 states that "[t]hese Rules shall govern the procedure in the exercise of enforcement functions of the [IPOPHL], and the exercise of visitorial power based on information, report, and complaint received by [IPOPHL]." *Id.*

67. *Id.* rule III, § 1.

68. *Id.* rule III, § 3. Section 3 of Rule III of the said Rules provides —

Covered Intellectual Property Rights Violations. — For purposes of these Rules, only enforcement against manufacturing, production,

Pursuant to the Rules, the IPOPHL may receive “any and all reports and information relative to IPR violations for the purpose of monitoring violations of the provisions of the IP Code[.]”⁶⁹ After the filing of such a report, “the concerned right holder or authorized representative shall be required to maintain enforcement actions on the report[;]” otherwise, the report shall be dismissed and the informant will be informed of the right holder’s lack of interest to pursue the case.⁷⁰

The participation of the “product specialist or right holder or [his or her] representative/s” in the exercise of IPOPHL’s visitorial powers is indispensable, because there is no other person more qualified to determine whether there is “seen in plain view the presence of counterfeit and/or pirated goods” and to have “reasonable ground to believe that the business establishment is engaged in the manufacturing, production, importation,

importation, exportation, distribution, trading, and offering for sale, including other preparatory steps necessary to carry out the sale of counterfeit and pirated goods[.] shall be covered by the exercise of IPOPHL’s enforcement power and provided that there is no pending case before any office, tribunal, quasi-judicial body, or court involving the same issue/s or subject matter.

The subsequent filing of a complaint by the right holder or representative involving the same issue or subject matter before any office, tribunal, quasi-judicial body, or court shall immediately divest the [IPR Enforcement Office (IEO)] of its jurisdiction.

Id.

69. Rules of Procedure on Intellectual Property Rights (IPR) Enforcement, rule III, § 5. Section 5 of these Rules provides that “[t]he IEO may receive any and all reports and information relative to [IPR] violations for the purpose of monitoring violations of the provisions of the [Intellectual Property Code (IP Code)], as amended, and possible case build-up thereof.” *Id.*

70. *Id.* rule III, § 6. Rule III, Section 6 of the Rules states,

Actions on the Report. [—] Reports and information received by IEO shall be duly recorded and validated by the designated IPR Enforcement Officer. Upon recommendation of the IPR Enforcement Officer, the concerned right holder or authorized representative shall be required to coordinate with the IEO to pursue and maintain enforcement actions on the report. Failure of the right holder or authorized representative to initiate the necessary complaint within one [] month from notice shall cause the dismissal of the report, and due notice thereof shall be related to the informant on the apparent lack of interest of the right holder to pursue the complaint.

Id.

exportation, distribution, trading, and offering for sale, including other preparatory steps necessary to carry out the sale of counterfeit and/or pirated goods[.]”⁷¹

IV. IMPLICATIONS ON ENFORCEMENT OF THE PRIVATE NATURE OF INTELLECTUAL PROPERTY RIGHTS

The private nature of IPR only means that the enforcement of the same can be sought by nobody but the rightful owner or holder of these rights or his or her authorized representative/s. Thus, law enforcement agencies cannot move to confiscate or seize goods for violation of IPR in plain view. Neither can any private citizen nor the government sue for the IPR of another, without proper authority. The reasons underlying these are inherently practical.

71. *Id.* rule III, § 10. The pertinent Section states,

Procedure in the Service of Visitorial Order. [—] In the conduct of visit to the subject business establishment, the authorized personnel thereof must act with courtesy to the owner/s, employee/s, and/or representative/s of the business establishment.

Upon arrival at the premises, the authorized personnel must identify themselves as such, and present to the owner/s, employee/s[,] or representative/s of the business establishment the visitorial order. The nature of the visit and the complained IPR violation must be duly explained.

If upon arrival at the premises, the authorized personnel together with the product specialist or right holder or representative/s have seen in plain view the presence of counterfeit and/or pirated goods, and they have reasonable ground to believe that the business establishment is engaged in the manufacturing, production, importation, exportation, distribution, trading, and offering for sale, including other preparatory steps necessary to carry out the sale of counterfeit and/or pirated goods, the said determination shall be forthwith related to the owner/s, employee/s, or representative/s of the business establishment. Any objections or justifications by the owner/s, employee/s[,] or representative/s of the business establishment shall be noted by the authorized personnel.

The said determination and objection, if any, must be duly stated in the post operation report and shall serve as the basis of administrative actions under these Rules.

Id.

A. Knowledge of Authenticity

Nobody has the proper expertise to know the authenticity or genuineness of the goods but the owner or the rights holder or his or her authorized representative/s.

Visualize this scenario.

In an inquest proceeding following the raid of a cigarette factory where 73 workers were found manufacturing fake cigarettes, the prosecutors ruled that there is no sufficient evidence to establish that the products are counterfeit despite the certification issued by the product owner that the cigarettes therein are counterfeit and that the factory is not an authorized facility.⁷² As a consequence, all 73 workers were released.⁷³

Justifying their resolution, the prosecutors said that confirmation from the relevant government agencies should be required to establish the counterfeit nature of the products.⁷⁴

If one were to venture into the minds of the prosecutors and those with similar outlook, are they referring to law enforcement agencies as relevant bodies that could establish the genuineness of goods outside of the rights holders? More specifically, is the IPOPHL a relevant agency that can help in the determination to assist the prosecutors?

IPOPHL's helping hand is very limited in this regard. Within its jurisdiction and competence, it can only issue certified true copies of letters patent granted, certificates of registration of marks, and certificates of copyright deposit documents that serve as *prima facie* evidence of ownership of the person named therein.⁷⁵ The IPOPHL will never be in a position to issue a certification as to the counterfeit nature of the seized goods as it would defer the determination to the rights holder. Similarly, law enforcement agencies will rightly hesitate to do so as no one can overturn any declaration of the owner, the rights holder, or his or her representative as regards the genuineness, or lack of it, over the subject or seized goods.

72. See Mary Grace Padin, *JTI questions resolution on counterfeit cigarette factory*, PHIL. STAR, Feb. 19, 2018, available at <https://www.philstar.com/business/2018/02/19/1789089/jti-questions-resolution-counterfeit-cigarette-factory> (last accessed May 4, 2018).

73. *Id.*

74. *Id.*

75. INTELL. PROP. CODE, § 138.

After all, it is only the owner, rights holder, or authorized representative/s who know the ins and outs of their products. The rights holders would place, for instance, secret markings on their goods, or secret ingredients, that only they would be in a position to know. Obviously then, it is the applicant who would have technical capacity or be well-equipped to determine whether an allegedly counterfeit good is indeed fake or genuine. This is the same rationale underlying the rule that the “product specialist or right holder or representative/s” must accompany law enforcers in the conduct of a visit,⁷⁶ as the latter know no better than the rights holder which objects are infringing or not, in applying the plain view doctrine.

B. Initiation of Complaint

Neither third persons nor government agencies could second guess the right holder’s intention.

Article 6 of the New Civil Code provides that “[r]ights may be waived, unless the waiver is contrary to law, public order, public policy, morals, or good customs, or prejudicial to a third person with a right recognized by law.”⁷⁷

As a general rule, IPR may be waived.⁷⁸ The right holder may decide to waive his or her right to enforce or may consider to tolerate or ignore to enforce his or her right. If one will go further and assume that that is not his or her intention, and, instead, expects the government to run after the infringers themselves, he or she must go back to the first reason above. As government resources are scarce, it behooves the law enforcement agency to strategically allocate its workforce and operational budget. Not only must it be sure of its target, it must be supported by the complainant from step one all the way.

This is no different from the rationale behind the prosecution of cases for the crimes of adultery, concubinage, seduction, abduction, acts of lasciviousness, and defamation for imputation of the foregoing crimes.⁷⁹

76. Rules of Procedure on Intellectual Property Rights (IPR) Enforcement, rule III, § 10.

77. CIVIL CODE, art. 6.

78. See INTELL. PROP. CODE, § 195. The IP Code provides instances where a waiver shall not be valid. INTELL. PROP. CODE, § 195.

79. 2000 REVISED RULES OF CRIMINAL PROCEDURE, rule 110, § 5 & Office of the Court Administrator, Clarification of Amendment to Section 5, Rule 110 of the Revised Rules of Criminal Procedure, OCA Circular No. 39-02 (Aug. 21,

Only the offended party could build a case for the mentioned felonies, because no other party (except the offender) would have personal knowledge of the factual circumstances that transpired. It is also the offended party who would ultimately decide to file a complaint or waive such right — up to the point of pardoning the seductor, abductor, and perpetrator of lascivious acts.⁸⁰ In cases of rape, the subsequent marriage of the victim to the rapist and the wife's forgiveness of the legal husband who raped her has

2002). The pertinent part of Rule 110, Section 5 of the Revised Rules of Criminal Procedure, as amended, provides,

[Who must prosecute criminal actions.] —

...

The crimes of adultery and concubinage shall not be prosecuted except upon a complaint filed by the offended spouse. The offended party cannot institute criminal prosecution without including the guilty parties, if both alive, nor, in any case, if the offended party has consented to the offense or pardoned the offenders.

The offenses of seduction, abduction[,] and acts of lasciviousness shall not be prosecuted except upon a complaint filed by the offended party or her parents, grandparents[,] or guardian, nor, in any case, if the offender has been expressly pardoned by any of them. If the offended party dies or becomes incapacitated before she can file the complaint, and she has no known parents, grandparents[,] or guardian, the State shall initiate the criminal action in her behalf.

The offended party, even if a minor, has the right to initiate the prosecution of the offenses of seduction, abduction[,] and acts of lasciviousness independently of her parents, grandparents, or guardian, unless she is incompetent or incapable of doing so. Where the offended party, who is a minor, fails to file the complaint, her parents, grandparents, or guardian may file the same. The right to file the action granted to parents, grandparents[,] or guardian shall be exclusive of all other persons and shall be exercised successively in the order herein provided, except as stated in the preceding paragraph.

No criminal action for defamation which consists in the imputation of the offenses mentioned above shall be brought except at the instance of and upon complaint filed by the offended party.

Id.

80. *Id.*

the effect of pardoning the perpetrator, by law extinguishing the criminal action or the penalty for rape.⁸¹

Where the person entitled by law to enforce the right does not wish to exercise it, government is helpless and cannot enforce the right for him or her.

Now, even if government is allowed to enforce IPR on behalf of the owner, the government remains ill-equipped to determine which are counterfeit trademark goods⁸² or pirated copyright goods.⁸³ This is because the essential element that makes trademark goods counterfeit is the lack of

81. An Act Revising the Penal Code and Other Penal Laws [REVISED PENAL CODE], Act No. 3815, art. 266-C (1932) (as amended). The provision of the 1932 Revised Penal Code, as amended, reads,

[Article] 266-C. *Effect of pardon.* [—] The subsequent valid marriage between the offender and the offended party shall extinguish the criminal action or the penalty imposed.

In case it is the legal husband who is the offender, the subsequent forgiveness by the wife of the offended party shall extinguish the criminal action or the penalty: *Provided, That the crime shall not be extinguished or the penalty shall not be abated if the marriage be void ab initio.*

Id. (emphasis supplied).

82. TRIPS Agreement, *supra* note 26, art. 51, n. 14 (a). Defined in the TRIPS Agreement,

‘counterfeit trademark goods’ shall mean any goods, including packaging, bearing without authorization a trademark which is identical to the trademark validly registered in respect of such goods, or which cannot be distinguished in its essential aspects from such a trademark, and which thereby infringes the rights of the owner of the trademark in question under the law of the country of importation[.]

Id.

83. *Id.* n. 14 (b). The TRIPS Agreement states that

‘pirated copyright goods’ shall mean any goods which are copies made without the consent of the right holder or person duly authorized by the right holder in the country of production and which are made directly or indirectly from an article where the making of that copy would have constituted an infringement of a copyright or a related right under the law of the country of importation.

Id.

authority from the owner of the trademark, and for copyright goods to become pirated is the lack of consent in the reproduction of such goods.⁸⁴

C. Legal and Logistical Issues

Government and third persons would be faced with numerous legal and logistical issues.

Even assuming that the government has the capacity to determine the genuine goods from the fake, and can seize any counterfeit good in plain view, this can be construed as tantamount to the deprivation of the alleged offender's right to private property without due process which is proscribed by no less than the Constitution.⁸⁵ Private persons including rights holders doing the same might be exposed to a whole slew of civil or criminal actions.

Further assuming that such seizure by the government or third persons does not contravene any law, who will pay for the transportation and warehousing costs in view of litigation? May the government spend public funds for this? It is the Authors' considered position that the government may not do so because appropriations must be for a public purpose, and not for the enforcement of one's private right. The government cannot underwrite the cost of warehousing of seized counterfeit and pirated goods, which properly belongs to the owner of the rights. Filipino taxpayers' money cannot be used to pay for warehousing costs to enforce the private rights of a person, more so if the person is a foreigner.

This position finds refuge in the Rule on Search and Seizure in Civil Actions for Infringement of Intellectual Property Rights promulgated by the Supreme Court. In unequivocal terms, it provided that, as regards the cost, it is the applicant for a warrant of search and seizure — that is, the IPR holder — who “shall be responsible for the necessary expenses incurred in the seizure and the safekeeping of the documents and articles in a bonded or government warehouse.”⁸⁶ As mentioned earlier, the applicant for such warrant would be no other than the “right holder or his [or her] duly

84. INTELL. PROP. CODE, § 155.

85. PHIL. CONST. art. III, § 1. Article III, Section 1 of the Constitution provides that “[n]o person shall be deprived of life, liberty, or property without due process of law, nor shall any person be denied the equal protection of the laws.” PHIL. CONST. art. III, § 1.

86. RULE ON SEARCH AND SEIZURE IN CIVIL ACTIONS FOR INFRINGEMENT OF INTELLECTUAL PROPERTY RIGHTS, § 14.

authorized representative[.]”⁸⁷ Nevertheless, unless and until a person or even the government is either given the right to go after infringers by assignment,⁸⁸ or by law,⁸⁹ the rights of the owner of the IP could not be disturbed. Nobody, not even the IPOPHL, or the government as a whole, would have standing to pursue such actions and no public funds could be expended for the enforcement of one’s private right. This is true even if the IPOPHL is the vanguard of the promotion and protection of IP. Otherwise put, the IPOPHL has no better right than the owner, rights holder, or an authorized representative in terms of initiating actions for the enforcement of the IPR of a specific right-holder.

V. INVOKING OTHER LAWS

The private nature of IPR notwithstanding, where an object of IP intersects with matters of public concern, the government may undertake enforcement actions using the framework of other relevant laws.

In one of the Authors’ lectures to the public, they posed the following question —

While vacationing in Boracay, Valentino surreptitiously took photographs of his girlfriend Monaliza in her skimpy bikini. Two weeks later, her photograph appeared in the Internet and in a national celebrity magazine, after being sold by Valentino.

Can Monaliza file a complaint against Valentino for violation of her [IPR]?⁹⁰

87. *Id.* § 6 (a).

88. See INTELL. PROP. CODE, § 176.3. The said provision provides that “the Government is not precluded from receiving and holding copyrights transferred to it by assignment, bequest[,] or otherwise[.]” *Id.* (emphasis supplied).

89. See INTELL. PROP. CODE, § 198.1. Section 198.1 aptly states that

[t]he person or persons to be charged with the posthumous enforcement of these [moral] rights shall be named in a written instrument which shall be filed with the National Library. In default of such person or persons, such enforcement shall devolve upon either the author’s heirs, and in default of the heirs, the Director of the National Library.

Id.

90. This is a modification of Question XV of the 2010 Mercantile Law Bar Exam, which reads —

While vacationing in Boracay, Valentino surreptitiously took photographs of his girlfriend Monaliza in her skimpy bikini. Two

Asking for a show of hands in response to the question posed, the Authors observed that some said yes, a fewer number said no, and the rest were unsure.

A few moments of silence ensued, and, finally, one brave soul suggested, “Could she sue for violation of her moral rights?” This was a lecture on basic copyright and related rights, after all.

“What moral rights are we talking about?”

“Her right against being the subject of indecent photos,” was the reply.

“Hmm. Is this right a part of the moral rights in the context of copyright law?,” the Authors asked the audience.

“No,” the audience answered dejectedly. They knew where we were getting at.

“So, what is this moral right that we are now talking about?”

The audience grew restless. “What is her role in the work?,” the Authors asked.

“She was the subject in the photo.”

“Okay, so she was not the author of the work?”

“Yes.”

weeks later, her photograph appeared in the Internet and in a national celebrity magazine.

Monaliza found out that Valentino had sold the photograph to the magazine and, adding insult to injury, uploaded them to his personal blog on the Internet.

Monaliza filed a complaint against Valentino for damages based on, among other grounds, violation of her IPR. Does she have any cause of action? Explain. (2%)

Valentino’s friend Francesco stole the photographs and duplicated them and sold them to a magazine publication. Valentino sued Francesco for infringement and damages. Does Valentino have any cause of action? Explain. (2%)

Does Monaliza have any cause of action against Francesco? Explain. (2%)

Bengzon Negre Untalan, IP Questions in the 2010 Bar Examinations, *available at* www.iplaw.ph/ip-news/IP-Questions-2010-Bar-Examinations.html (last accessed May 4, 2018).

“So, being merely the model in, and not the author of, the work, would she have any economic or moral rights in that photo?”

“No.”

Then, the finishing blow — “Therefore, she has no right under the [IP] Code against Valentino.”

After a few moments of stunned silence, the audience started chattering among themselves. That remark definitely hit a nerve. They knew that something was amiss and were obviously ticked that no apparent recourse could be had under the circumstances.

“But do not fret,” the Authors said, trying to quell the uneasiness.

The audience stopped talking and turned a curious head.

“There is a recourse.” The audience let out a sigh of relief.

“But not under the [IP] Code.” The woman who answered earlier had begun to smile.

The moral of the story is that the IP Code does not exist in a vacuum. While it serves to “protect and secure the exclusive rights of scientists, inventors, artists, and other gifted citizens to their [IP,]” such creations of the mind, at some point, intersects with some aspects of the lives of people other than these “gifted citizens.”⁹¹ For that reason, where IP law cannot provide relief, recourse may be had in another such law that intersects.

A. By Private Persons Alone

In the question posed earlier, Monaliza, indeed, could not have sued for violation of her IP because she had none to begin with — she was not the author of the work in question. However, as Valentino *surreptitiously* took her photo and caused its publication, then a case for the enforcement of her right to privacy, a constitutional guarantee, may prosper. This is a case of one’s IPR (i.e., Valentino’s) clashing with another’s rights (i.e., Monaliza’s right to privacy).

Another field of law where IP intersects is contract law because generally, IPR may be the subject of assignment and license.⁹² To illustrate, a company protecting its trade secrets usually does so with the aid of

91. INTELL. PROP. CODE, § 2. *See also* PHIL. CONST. art. XIV, § 13.

92. One exception under the Intellectual Property Code is the non-assignability of moral rights, to wit — “The moral rights shall not be assignable or subject to license.” INTELL. PROP. CODE, § 198.1.

nondisclosure agreements. Where a person who has signed such an agreement had performed acts in contravention to the stipulations therein, an action for breach of contract may be instituted.

In both cases, what was involved was certainly IP — copyright in the Monaliza case, and trade secrets⁹³ in the latter. However, the factual circumstances surrounding each one give rise to a cause of action that is governed by different laws and not anymore by the IP Code, thus eliminating the need for the intervention of the owner of such IPR.

B. Through the Mandate of Various Government Agencies

As mentioned, where IP law cannot provide relief, recourse may be had in another such law that intersects. It is this very same principle that the government applies to protect public interests that might be affected by the private character of IPR.⁹⁴ Here are a few ways where the enforcement efforts of various government agencies bear positive effects on the owner of IPR, but this list is by no means exhaustive of all possible recourses that may be had in Philippine laws.

Parenthetically, Executive Order No. 736, Series of 2008⁹⁵ was signed by then President Gloria Macapagal-Arroyo, creating the National

93. *Id.* § 4.1 (g). Section 4.1 (g) states, “The term ‘intellectual property rights’ consists of: ... (g) protection of undisclosed information.” *Id.*

94. To illustrate, the World Trade Organization Panel earlier mentioned in its Report that “[c]opyright protects private rights, as reflected in the fourth recital of the preamble to the TRIPS Agreement, whilst government censorship addresses public interests.” *Measures Affecting the Protection and Enforcement of Intellectual Property Rights*, *supra* note 31, ¶ 7.135. It is to be noted that copyright protection vests over a literary and artistic work “by the sole fact of their creation, irrespective of their mode or form of expression, as well as of their content, quality[,] and purpose.” INTELL. PROP. CODE, § 172.2. Censorship would deal more with the “mode or form of expression, as well as [the] content, quality[,] and purpose” that the law on copyright is expressly not concerned with. *Id.* Thus, a literary work while enjoying copyright, might be in contravention of censorship and penal laws, which suit the government would then have the standing to commence.

95. Office of the President, Institutionalizing Permanent Units to Promote, Protect and Enforce Intellectual Property Rights (IPR) in Different Law Enforcement and Other Agencies Under the Coordination of the National Committee on Intellectual Property Rights (NCIPR), Executive Order No. 736, Series of 2008 [E.O. NO. 736, s. 2008] (June 21, 2008).

Committee on Intellectual Property Rights.⁹⁶ It comprises of the DTI as Chair, the IPOPHL as Vice Chair, and the following agencies as members: Department of Interior and Local Government, Department of Justice, Bureau of Customs (BOC), Food and Drug Administration (FDA), National Book Development Board, National Telecommunications Commission, National Bureau of Investigation, Office of the Special Envoy for Transnational Crimes, Optical Media Board (OMB), and the Philippine National Police.⁹⁷ Their mandate, among others, is to “[i]ntensify regular and effective enforcement against IPR violations, and to allocate sufficient resources to ensure effective prosecution of pirates and counterfeiters.”⁹⁸

1. Department of Trade and Industry

While the public is likewise one of IPOPHL’s stakeholders to the extent of ensuring balancing of rights, the government office that has the clear mandate to protect the rights of the public or consumers is the DTI. The Consumer Act of the Philippines⁹⁹ is the governing law that “protect[s] the interests of the consumer[s] [and] promote[s] [their] general welfare[.]”¹⁰⁰ The DTI is the agency concerned in promoting and protecting public safety in relation to goods and products that are introduced in the market, except agricultural products, which are under the jurisdiction of the Department of Agriculture.¹⁰¹ A consumer who had been duped into buying a product, online or offline, thinking that it is genuine when it is, in fact, counterfeit or pirated, has recourse before the DTI or the courts under the Consumer Act.¹⁰²

96. *Id.* § 1.

97. *Id.*

98. *Id.* § 4 (b).

99. The Consumer Act of the Philippines [Consumer Act of the Philippines], Republic Act No. 7394 (1992).

100. *Id.* art. 2.

101. *Id.* art. 6 (b) & (c).

102. *See* Consumer Act of the Philippines, art. 60.

2. Food and Drug Administration

In the case of food, drugs, and cosmetics, and other items which have impact on public health, the government agency to go to is not the DTI but the FDA.¹⁰³

No person selling fake food, drugs, and cosmetics would take pains to seek a license¹⁰⁴ to operate. Likewise, no person would ever seek the registration¹⁰⁵ and issuance of an FDA Certificate of Product Registration of such counterfeit items. This is because his or her business will be subject to scrutiny and the government will not condone such illicit activity, especially when public safety is concerned.

For example, no less than the FDA itself has reminded the public to purchase only toys which “are legitimate, i.e.[.] the toys sold or offered for sale have accompanying Certificate of Compliance issued by the FDA and sold or offered for sale by establishments with permits or licenses from [local government units.]”¹⁰⁶

In cases where an establishment engaging in the acts regulated by the FDA has no registration, or where such establishments’ products would have no registration, then the Director-General of the FDA is empowered

[t]o issue orders of seizure, to seize and hold in custody any article or articles of food, device, cosmetics, household hazardous substances[,] and health products that [are] adulterated, counterfeited, misbranded[,] or unregistered, or drug, in-vitro diagnostic reagent, biologicals, and vaccine that is adulterated or

103. *See* An Act to Ensure the Safety and Purity of Foods, Drugs, and Cosmetics Being Made Available to the Public by Creating the Food and Drug Administration Which Shall Administer and Enforce the Laws Pertaining Thereto [Food, Drug, and Cosmetic Act], Republic Act No. 3720, § 4 (1963) (as amended).

104. *Id.* § 10 (ii) (as amended). Section 10 (ii) defines licensing as “the process of approval of an application to operate or establish an establishment prior to engaging in the manufacture, importation, exportation, sale, offer for sale, distribution, transfer, and where applicable the use, testing, promotion, advertisement, and/or sponsorship of health products.” *Id.*

105. *Id.* § 10 (kk) (as amended). In the Food, Drug and Cosmetic Act, “‘Registration’ means the process of approval of an application to register health products prior to engaging in the manufacture, importation, exportation, sale, offer for sale, distribution, transfer, and where applicable, the use, testing, promotion, advertisement, and/or sponsorship of health products.” *Id.*

106. Food and Drug Administration, Safety of Children First When Buying Christmas Toys, Advisory No. 2013-047, at 2 (Oct. 30, 2013).

misbranded, which introduced into domestic commerce pending the authorized hearing under Republic Act No. 3720, as amended, Executive Order No. 175 (1987), and Republic Act No. 7394, otherwise known as the Consumer[] Act of the Philippines[.]¹⁰⁷

The FDA also has the power “[t]o issue cease[-]and[-]desist orders *motu proprio* or upon verified complaint for health products, whether or not registered with the FDA[.]”¹⁰⁸

Apart from the Food, Drug, and Cosmetics Act, the Congress has likewise passed the Special Law on Counterfeit Drugs,¹⁰⁹ which prohibits, among others: “(a) [t]he manufacture, sale, offering for sale, donation, distribution, trafficking, brokering, exportation, [] importation[,] or possession of counterfeit drugs as defined in Section 3 hereof not otherwise covered by Republic Act No. 3720, as amended[,]” and “(b) [the] [p]ossession of any such counterfeit drugs.”¹¹⁰

Counterfeit drugs are defined therein as

medicinal products with the correct ingredients but not in the amounts as provided hereunder, wrong ingredients, without active ingredients, with sufficient quantity of active ingredient, which results in the reduction of the drug’s safety, efficacy, quality, strength[,] or purity. It is a drug which is deliberately and fraudulently mislabeled with respect to identity and/or source or with fake packaging, and can apply to both branded and generic products.¹¹¹

Under the Special Law on Counterfeit Drugs, the FDA, too, is authorized to undertake administrative actions “upon verified information”¹¹² and the law does not distinguish from whom such

107. Food, Drug, and Cosmetic Act, § 30 (4) (as amended) (emphases supplied) & Office of the President, Further Amending Republic Act No. 3720, Entitled “An Act to Ensure the Safety and Purity of Foods, Drugs, and Cosmetics Being Made Available to the Public by Creating the Food and Drug Administration which shall Administer and Enforce the Laws Pertaining Thereto”, as Amended and for Other Purposes, Executive Order No. 175 [E.O. No. 175, s. 1987] (May 22, 1987).

108. Food, Drug, and Cosmetic Act, § 4 (j) (as amended).

109. An Act Prohibiting Counterfeit Drugs, Providing Penalties for Violations and Appropriating Funds Therefor [Special Law on Counterfeit Drugs], Republic Act No. 8203 (1996).

110. *Id.* § 4 (a) & (b).

111. *Id.* § 3 (b).

112. *Id.* § 6.

information should come from, i.e., that the information should come alone from the IPR owner or holder.¹¹³

The foregoing are but a few examples of how the government can enforce the public's constitutional right to health¹¹⁴ without need of intervention of the IPR owner.

3. Optical Media Board

The OMB, formerly the Videogram Regulatory Board, is empowered by law to

[c]onduct inspections, by itself or in coordination with other competent agencies of the government, at anytime, with or without prior notice, of establishments or entities including those within the economic zones engaged in the activities as provided in Section 13[](a), (b)[,] and (c) of this Act, and employ reasonable force in the event that the responsible person or persons of such establishment or entity evades, obstructs, or refuses such inspection. For this purpose, the agents of the OMB shall be considered agents in authority[.]¹¹⁵

Prior registration and licenses should be secured from the OMB for the:

- (a) Importation, exportation, acquisition, sale[,] or distribution of optical media, manufacturing equipment, parts[,] and accessories[,] and manufacturing materials used or intended for use in the mastering, manufacture[,] or replication of optical media;
- (b) Possession or operation of manufacturing equipment, parts[,] and accessories, or the possession acquisition, sale[,] or use of manufacturing materials for the mastering, manufacture[,] or replication of optical media; and
- (c) The mastering, manufacture, replication, importation[,] or exportation of optical media.¹¹⁶

113. See Special Law on Counterfeit Drugs, § 6.

114. PHIL. CONST. art. II, § 15. Article II, Section 15 of the Constitution states, "The State shall protect and promote the right to health of the people and instill health consciousness among them." PHIL. CONST. art. II, § 15.

115. An Act Regulating Optical Media, Reorganizing for This Purpose the Videogram Regulatory Board, Providing Penalties Therefor, and for Other Purposes [Optical Media Act of 2003], Republic Act No. 9239, § 10 (d) (2004).

116. *Id.* § 13.

Just like sellers of counterfeit drugs, vendors of pirated optical media would definitely not secure a license to sell. Even those who replicate optical media would not seek OMB approval to operate.

Thus, even without the urging of the IP owner, the OMB can already conduct inspections and enforce the provisions of the Optical Media Act. Even if the object of optical media concerns copyright, the route for enforcement is not through IP law. In this case, it is only incidental that the IP owner benefits from such action by the OMB.

4. Bureau of Customs

Attached to the Department of Finance (DOF), the BOC is the agency tasked to do border control¹¹⁷ and empowered to have control and supervision over “entrance and clearance of vessels and aircraft engaged in foreign commerce”¹¹⁸ and over “all import and export cargoes, landed or stored in piers, airports, terminal facilities, including container yards and freight stations for the protection of government revenue and prevention of entry of contraband[.]”¹¹⁹

The BOC plays the most critical role in curbing the proliferation of counterfeit goods in the country. Where such goods attempt to come in from vessels or aircraft, these would not be declared in the customs paperwork, or, if there would be any, they would be misdeclared. As such, these would constitute “[p]roperty that shall be subject to seizure and forfeiture”¹²⁰ over which the Collector of Customs could issue a *Warrant of Seizure and Detention*.¹²¹ Such warrants could be effected with or without the intervention of the IPR holder.

5. Bureau of Internal Revenue

Another attached agency of the DOF, the Bureau of Internal Revenue has powers and duties which “comprehend the assessment and collection of all

117. An Act Modernizing the Customs and Tariff Administration [Customs Modernization and Tariff Act (CMTA)], Republic Act No. 10863, § 202 (c) (2016).

118. *Id.* § 202 (f).

119. *Id.* § 202 (h).

120. *Id.* § 1113.

121. Bureau of Customs, *Seizure and Forfeiture Proceedings and Appeals Process*, § 3.7 (2016).

national internal revenue taxes, fees, and charges, and the enforcement of all forfeitures, penalties, and fines connected therewith.”¹²²

One way to catch infringers of IP and those who benefit from infringement is by enforcement of Philippine tax laws. It is not uncommon for infringers to evade paying the correct taxes due. These people are likely noncompliant with requirements laid down by law, such as the issuance of receipts on sales or commercial invoices.¹²³ As with the aforementioned agencies, the participation of the IPR holder need not be present here.

VI. CONCLUSION

Enforcement of IPR is private in nature. Thus, it can only be done and initiated at the instance of the rights holder.

Where the object of the IPR involves matters of public health and safety, such as food and drugs, mechanisms available under the mandates of the relevant government agencies can then be availed of. While the functions of these agencies are fulfilled, the interest of upholding the IPR is incidentally promoted.

Thus, it can be safely said that the government is not totally powerless to go after infringers of IPR, despite the private nature of such rights.

Nevertheless, where the owners, rights holders, or authorized representatives of IP owners can and are able to enforce their rights against counterfeiters, pirates, as well as the people who benefit from infringing activities,¹²⁴ they are strongly encouraged to initiate and pursue cases until the end. This is to help government maximize the utilization of their scarce resources and to help rid society of the dangers associated with counterfeit and pirated products. Not only that, the relentless pursuit of violators of IPR

122. An Act Amending the National Internal Revenue Code, As Amended, and for Other Purposes [Tax Reform Act of 1997], Republic Act No. 9504, § 2 (1997) (as amended).

123. *Id.* § 237 (as amended).

124. *See* INTELL. PROP. CODE, § 216 (as amended). It also holds liable for copyright infringement anyone who, apart from direct infringers:

- (b) Benefits from the infringing activity of another person who commits an infringement[,] if the person benefiting has been given notice of the infringing activity and has the right and ability to control the activities of the other person; [and]
- (c) With knowledge of infringing activity, induces, causes[,] or materially contributes to the infringing conduct of another.

INTELL. PROP. CODE, § 216 (b) & (c) (as amended).

sends a strong message to them — that they will not be tolerated in a society that maintains peace and order; protects life, liberty, and property; and promotes the general welfare of the public.¹²⁵

125. PHIL. CONST. art. II, § 5. Article II, Section 5 of the Constitution states, “The maintenance of peace and order, the protection of life, liberty, and property, and promotion of the general welfare are essential for the enjoyment by all the people of the blessings of democracy.” PHIL. CONST. art. II, § 5.