

October 2, 1998

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**IPO RULES AND REGULATIONS ON SETTLEMENT OF DISPUTES
INVOLVING TECHNOLOGY TRANSFER PAYMENTS AND THE
TERMS OF A LICENSE INVOLVING THE AUTHOR'S RIGHT TO
PUBLIC PERFORMANCE OR OTHER COMMUNICATION OF HIS
WORK**

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

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

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

Now, therefore, pursuant to the provisions of Republic Act No. 8293, otherwise known as the Intellectual Property Code of the Philippines, the following rules and regulations on settlement of disputes involving technology transfer payments and the terms of a license involving the author's right to public performance or other communication of his work are hereby promulgated:

SECTION 1. *Definition of Terms.* — Unless otherwise specified, the following terms shall have the meaning herein provided:

- (a) "Author" means the natural person who has created the work;
- (b) "Bureau" means the Documentation, Information and Technology Transfer Bureau of the Intellectual Property Office;
- (c) "Chief Mediator" means the Officer within the Bureau who exercises immediate supervision over the Mediation Officer. The title or official designation of such officer may differ from the words "Chief Mediator" depending on the structure of the Office;
- (d) "Communication to the public" or "communicate to the public" means the making of a work available to the public by wire or wireless means in such a way that members of the public may access these works from a place and time individually chosen by them;

- (e) "Computer software developed for mass market" shall mean computer software, that:
 - (i) is produced, made and marketed for a broad range of purposes and users including end-users and commercial users;
 - (ii) is sold over the counter or via standard delivery mechanisms;
 - (iii) involves payments that are not based on royalty;
 - (iv) generally provides for an indefinite term for the use of the software; and
 - (v) does not need any customization by the supplier or distributor.
- (f) "Director General" means the head of the Intellectual Property Office;
- (g) "Director" means the Director of the Documentation, Information and Technology Transfer Bureau;
- (h) "Intellectual Property Rights" means:
 - 1. Copyright and Related Rights;
 - 2. Trademarks and Service Marks;
 - 3. Geographic Indications;
 - 4. Industrial Designs;
 - 5. Patents;
 - 6. Layout-Designs (Topographies) of Integrated Circuits; and
 - 7. Protection of Undisclosed Information
- (i) "IP Code" means Republic Act No. 8293 otherwise known as the Intellectual Property Code of the Philippines;
- (j) "Mediation Officer" means the Officer within the Bureau authorized to exercise the functions in these Regulations. The title or official designation of such officer may differ from the words "Mediation Officer" as the structure of the Office may be set;

- (k) "Office" means the Intellectual Property Office;
- (l) "IPO Gazette" means the Intellectual Property Office's own publication where all matters required to be published under the IP Code shall be published;
- (m) "Public performance" means (1) in case of a work other than an audiovisual work, the recitation, playing, dancing, acting or otherwise performing the work, either directly or by means of any device or process; (2) in the case of an audiovisual work, the showing of its images in sequence and the making of the sounds accompanying it audible; and (3) in the case of a sound recording, the act of making the recorded sounds audible at a place or at places where persons outside the normal circle of a family and that family's closest social acquaintances are or can be present, irrespective of whether they are or can be present at the same place and at the same time, or at different places and/or at different times, and where the performance can be perceived without the need for communication with the meaning of "communication to the public" or "communicate to the public".
- (n) "Technology Transfer Arrangements" shall mean contracts or agreements, including renewals thereof, involving the transfer of systematic knowledge for the manufacture of a product, the application of a process, or rendering of a service including management contracts; and the transfer, assignment or licensing of all forms of intellectual property rights, including licensing of computer software except computer software developed for mass market.

The licensing of copyright is considered a technology transfer arrangement only if it involves the transfer of systematic knowledge.

- (o) "Undisclosed Information" shall mean information which:
 - (i) Is secret in the sense that it is not, as a body or in the precise configuration and assembly of its components, generally known among or readily accessible to persons within the circles that normally deal with the kind of information in question;
 - (ii) has commercial value because it is secret; and

- (iii) has been subject to reasonable steps under the circumstances to keep it secret, by the person lawfully in control of the information.

SECTION 2. *Original Jurisdiction.* — The Director General shall exercise 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 work.

SECTION 3. *Jurisdiction to Settle Disputes on Royalties.* — The Director shall exercise quasi-judicial jurisdiction in the settlement of disputes between parties to a technology transfer arrangement arising from technology transfer payments, including the fixing of appropriate amount or rate of royalty.

SECTION 4. *Who may File a Complaint.* — The aggrieved party or his duly authorized representative may file a verified complaint with the Director upon payment of the required filing fee. The verification portion of the complaint shall include a statement that to the best of his knowledge, the party commencing the action has not filed any other administrative action or proceeding involving the same issue or issues before any tribunal or agency nor such action or proceeding is 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 undertakes to notify the Office thereof within five (5) days from such knowledge.

SECTION 5. *Complaint Format.* — The complaint shall be typewritten with the title reflecting the names of all the parties concerned and shall state the following:

- (a) Name and address of the complainant and the name and address of the respondent;
- (b) Nature of the complaint and a concise statement of the ultimate facts constituting the complaint; and
- (c) The relief or reliefs prayed for.

SECTION 6. *Escrow.* — Should any party elect to avail of the provisions of the Civil Code of the Philippines on consignment with respect to the royalty or any sum of money that may be involved in the dispute, the complainant shall submit to the Bureau a certified copy of the Contract of Escrow.

SECTION 7. *Mediation Process.* — Within one (1) day from receipt of the complaint, the Bureau shall docket the complaint and the Chief Mediator shall assign and transmit the same to a Mediation Officer, with instructions to mediate the case in accordance with these rules and regulations.

SECTION 8. *Mediation Conference.* — Within five (5) days from receipt of an assignment, the Mediation Officer shall call the parties to a Mediation

Conference by sending each party a Notice of Settlement, under his own signature or that of the Chief Mediator, stating the date and time of the conference. The Notice intended for the Respondent shall be accompanied by a copy of the complaint and its attachments.

SECTION 9. *Venue of the Mediation Conference.* — The Mediation Conference and any session thereof shall be held within the premises of the Office. However, upon written request and payment of the required fee, the Director may authorize that the Mediation Conference or any session thereof be held outside the premises of the Office provided that the same is necessary and will enhance the proceedings and the other party, if the request was made by only one party, agrees thereto. The parties shall not unreasonably withhold their consent to such request. The total cost to hold the Mediation Conference or any session thereof outside the premises of the Office, including air transportation, accommodation and per diem, shall be borne by the party requesting; and, if the request was made by all parties, the total cost shall be shared by them equally or in such other proportion as they may state in their request.

SECTION 10. *Mediation Period.* — During the Mediation Period both the complainant and the respondent shall be given the opportunity to present their respective positions and to submit the necessary documents to support their arguments. The Mediation Officer shall endeavor to settle the case within the Mediation Period which consists of thirty (30) days counted from the first day of the Mediation Conference.

SECTION 11. *Compromise/Mediation Agreement.* — If, during the Mediation Period, the parties agree to settle the case amicably, the Compromise/Mediation Agreement shall be reduced into writing. If the parties request in writing, the Mediation Officer shall draft the Compromise/Mediation Agreement within ten (10) days from receipt of the request and payment of the required fee. The Chief Mediator shall review the draft within ten (10) days from the submission by the Mediation Officer. The parties shall have ten (10) days from receipt of the draft from the Chief Mediator within which to review, finalize and execute the Compromise/Mediation Agreement. The parties shall submit the executed Compromise/Mediation Agreement to the Director through the Chief Mediator by means of a Motion for Judgment Based on Compromise/Mediation Agreement. The Director shall decide said motion within thirty (30) days from receipt thereof.

SECTION 12. *Failure of the Mediation Conference.* — If the case is not settled within the Mediation Period, the Mediation Conference shall be declared as a failure unless the parties request in writing to extend the same.

SECTION 13. *Decision in Disputes Involving Technology Transfer Payments.* — In case of failure to settle a dispute involving technology transfer

payments, the Mediation Officer shall, within ten (10) days after the termination of the Mediation Conference, submit to the Chief Mediator a report and draft decision on the case, taking into account the evidences and documents presented by the parties. The Chief Mediator shall review the draft and submit his final recommendation and draft to the Director within twenty (20) days from termination of the Mediation Conference. The Director shall decide the case within thirty-five (35) days after the termination of the Mediation Conference.

SECTION 14. *Decision in Disputes Relating to Author's Right to Public Performance or Other Communication of his work.* — Disputes relating to the terms of a license involving the author's right to public performance or other communication of his work shall follow the foregoing procedure except that, instead of deciding the case, the Director shall submit his findings, conclusions, recommendations and draft decision to the Director General who shall render the final decision in the dispute.

SECTION 15. *Appeal to the Director General.* — The decision or final order of the Director shall become final and executory fifteen (15) days after receipt of a copy thereof by the appellant unless within the said period, a motion for reconsideration is filed with the Director or an appeal to the Director General has been perfected by filing a notice of appeal and payment of the required fee.

Only one motion for reconsideration of the decision or order of the Director shall be allowed.

SECTION 16. *Appellant's Brief Required.* — The appellant shall, within one (1) month from the date of filing of the notice of appeal, file a brief of the authorities and arguments on which he relies to maintain his appeal. On failure to file the brief within the time allowed, the appeal shall stand dismissed.

SECTION 17. *Director's Comment.* — The Director shall submit his comments on the appellant's brief within one (1) month from receipt of the order of the Director General requiring him to comment.

SECTION 18. *Appeal to the Secretary of Trade and Industry.* — The decision of the Director General shall be final and executory fifteen (15) days after receipt of a copy thereof by the appellant unless an appeal to the Secretary of the Department of Trade and Industry is perfected by filing a notice of appeal and payment of the required fee. No motion for reconsideration of the decision or order of the Director General shall be allowed.

Final Provisions

SECTION 19. *Implementation.* — The Director General shall publish in a newspaper of general circulation the corresponding notice as soon as the Office is in a position to accept and process complaints governed by and in accordance with these Regulations.

SECTION 20. *Separability.* — If any provision in these Regulations or application of such provision to any circumstance is held invalid, the remainder of these Regulations shall not be affected thereby.

SECTION 21. *Effectivity.* — These rules and regulations shall take effect fifteen (15) days after publication in a newspaper of general circulation.

Done this 2nd day of October 1998.

(Sgd.) EMMA C. FRANCISCO
Director General
