

EN BANC

[A.M. No. 02-1-06-SC. January 22, 2002.]

RE: PROPOSED RULE ON SEARCH AND SEIZURE IN CIVIL ACTIONS FOR INFRINGEMENT OF INTELLECTUAL PROPERTY RIGHTS

R E S O L U T I O N

Acting on the letter of the Chairman of the Committee on Revision of the Rules of Court submitting for this Court's consideration and approval the Proposed Rule in Search and Seizure on Civil Actions for Infringement of Intellectual Property Rights, the Court resolved to APPROVE the same.

The Rule shall take effect on February 15, 2002 following its publication in two (2) newspapers of general circulation on or before January 30, 2002. January 22, 2002.

(SGD.) HILARIO G. DAVIDE, JR.
Chief Justice

(SGD.) JOSUE N. BELLOSILLO
Associate Justice

(SGD.) JOSE A. R. MELO
Associate Justice

(SGD.) REYNATO S. PUNO
Associate Justice

(SGD.) JOSE C. VITUG
Associate Justice

(SGD.) SANTIAGO M. KAPUNAN
Associate Justice

(SGD.) VICENTE V. MENDOZA
Associate Justice

(SGD.) ARTEMIO V. PANGANIBAN
Associate Justice

(SGD.) LEONARDO A. QUISUMBING
Associate Justice

(SGD.) BERNARDO P. PARDO
Associate Justice

(SGD.) ARTURO B. BUENA
Associate Justice

(SGD.) CONSUELO YNARES-SANTIAGO
Associate Justice

(SGD.) SABINO R. DE LEON, JR.
Associate Justice

(SGD.) ANGELINA SANDOVAL-GUTIERREZ
Associate Justice

(SGD.) ANTONIO T. CARPIO
Associate Justice

RULE ON SEARCH AND SEIZURE IN CIVIL ACTIONS FOR INFRINGEMENT OF INTELLECTUAL PROPERTY RIGHTS

SECTION 1. Coverage. - This Rule shall govern the provisional seizure and impounding of documents and articles in pending and intended civil actions for the purpose of preventing infringement and preserving relevant evidence in regard to alleged infringement under Republic Act No. 8293, otherwise known as the Intellectual Property Code of the Philippines, Article 50 of the Agreement on Trade Related Aspects of Intellectual Property Rights, otherwise known as TRIPS and other related laws and international conventions.

SECTION 2. The writ of search and seizure. - Where any delay is likely to cause irreparable harm to the intellectual property right holder or where there is demonstrable risk of evidence being destroyed, the intellectual property right holder or his 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 premises the persons named in the order and to allow the search, inspection, copying, photographing, audio and audiovisual recording or seizure of any document and article specified in the order.

SECTION 3. Where application filed. - The application shall be filed with any of the Regional Trial Courts of the judicial region designated to try violations of intellectual property rights stationed at the place where the alleged violation occurred or is to occur, or the place to be searched, at the election of the applicant. Provided, however, that where the complaint for infringement has already been filed, the application shall be made in the court where the case is pending.

SECTION 4. Verified application and affidavits. - The applicant shall file a certified application alleging the ground upon which it is based and the specific description and location of the documents and articles to be searched, inspected, copied or seized and their value. It shall also state the names of the applicant, his representative, witnesses and counsel who will attend the search in the event that the application is granted. The application shall be supported by affidavits of witnesses who personally know the facts and by authenticated or certified documents.

The application shall contain a certification against forum shopping as prescribed by Section 5, Rule 7 of the 1997 Rules of Civil Procedure.

The applicant shall undertake in his application that he will not use any of the documents, articles or information obtained by reason of the search and seizure for any purpose other than in the action in which the writ is issued.

SECTION 5. Examination of applicant; record; confidentiality of proceedings. - The application shall be acted upon within twenty-four (24) hours from its filing. The judge must, before issuing the writ, examine in the form of searching questions and answers, in writing and under oath or affirmation, the applicant and the witnesses he may produce on facts personally known to them. The examination of the applicant and his witnesses shall be recorded. Their sworn statements and their affidavits shall form part of the record of the case.

The hearing on the application for the writ shall be held in the chambers of the judge. Court personnel shall maintain the confidentiality of the application proceeding. The court may require the applicant to give other information necessary for the identification of the articles and documents to be searched, inspected, copied or seized and the premises to be searched. Where feasible, it may direct the applicant to submit copies and photographs of the documents or articles to be seized and impounded.

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 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 intellectual property right of the applicant or that they are used or intended to be used as means of infringing the applicant's intellectual property right.

SECTION 7. When writ may issue. - If the judge is satisfied with the proof of facts upon which the application is based, he 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 custody subject to the control of the court. The enforcement of the writ shall be supervised by an Independent commissioner to be appointed by the court.

SECTION 8. Contents of the writ. - The writ shall contain the following:

(a) an order to the alleged infringing defendant, expected adverse party or to the person who appears to be in charge or in control of the premises or residing or working therein to permit the persons named in the writ to enter into the premises for the purpose of searching, inspecting, copying, or removing from the premises and transferring to the custody of the sheriff and subject to the control of the court the subject documents and articles;

(b) an order to the alleged infringing defendant, expected adverse party or to the person in charge or in control of the premises to disclose to the sheriff serving the writ the location of the documents and articles subject of the writ;

(c) the period when the writ shall be enforced which in no case shall be more than ten (10) days from the date of issuance by the court;

(d) the names of the applicant or his agent or representative and the Commissioner who shall supervise the enforcement of the writ; and

(e) other terms and conditions that will insure the proper execution of the writ with due regard to the rights of the alleged infringing defendant or expected adverse party.

It shall also contain a warning that violation of any of the terms and conditions of the writ shall constitute contempt of court.

SECTION 9. Bond and its conditions. - The applicant shall be required to post a cash bond, surety bond or other equivalent security executed in favor of the defendant or expected adverse party in a reasonable amount to be fixed by the court in its order granting the issuance of a writ of search and seizure. The bond shall be conditioned on the undertaking of the applicant that he will pay all the costs which may be adjudged to defendant or expected adverse party and all damages which the latter may sustain by reason of the issuance of the writ.

SECTION 10. When writ shall be served. - The writ shall be served only on weekdays and from 8 o'clock in the morning to 5 o'clock in the afternoon. However, the court may direct that the writ be served on any day and any time or compelling reasons stated in the application and duly proved.

SECTION 11. To whom writ shall be served. - The writ shall be served on the alleged infringing defendant or expected adverse party in the place to be searched. If the alleged infringing defendant or expected adverse party cannot be and in the premises, the writ shall be served on his agent or representative. In the absence of an agent or representative, it shall be served on the person in charge or in control of the premises, or residing or working therein who is of sufficient age and discretion, if such person is absent, the sheriff or proper officer shall post the papers on the premises and proceed with the enforcement of the writ.

SECTION 12. Commissioner, duties, qualifications and fees. - The enforcement of the writ shall be supervised by the independent Commissioner appointed by the court. In the performance of his duty, the Commissioner shall:

- (a) give impartial advice to the alleged infringing defendant, expected adverse party or to the person in charge of the premises to be searched as to the meaning and coverage of the writ;
- (b) attempt to achieve agreement on a suitable search procedure;
- (c) assess what documents or articles come within the terms of the writ;
- (d) ensure the accuracy of the list of documents and articles searched, inspected, copied or seized by the sheriff;
- (e) prepare his own report on the search and seizure and verify and sign the return prepared by the sheriff; and
- (f) generally, assist in the proper execution of the writ.

The Commissioner shall be a member of the Philippine Bar and of proven competence, integrity and probity. He shall receive such reasonable compensation as may be determined by the court which can be charged as cost of suit.

SECTION 13. Search to be conducted in the presence of defendant, his representative, person in charge of the premises, or witnesses. - The premises may not be searched except in the presence of the alleged infringing defendant, expected adverse party or his representative or the person in charge or in control of the premises or residing or working therein who shall be given the opportunity to read the writ before its enforcement and seek its interpretation from the Commissioner. In the absence of the latter, two persons of sufficient age and discretion residing in the same locality shall be allowed to witness the search or in the absence of the latter, two persons of sufficient age and discretion residing in the nearest locality.

SECTION 14. Manner of search and seizure; duties of the sheriff. - Upon service of the writ in accordance with section 11 hereof, the sheriff, under the supervision of the Commissioner, shall search for the documents and articles specified in the writ, and take them in his custody subject to the control of the court. If the subject articles are not capable of manual delivery, the sheriff shall attach to them a tag or label stating the fact of seizure and warning all persons from tampering with them.

The sheriff shall, in the presence of the applicant or his representative, and under the supervision of the Commissioner, prepare a detailed list of the seized documents and articles. He shall give an accurate copy of the same to the alleged infringing defendant, expected adverse party, his agent or representative, to the person in charge or in control of the premises or residing or working therein in whose presence the search and seizure were made. In the absence of the person in charge or in control of the premises or residing or working therein, the sheriff must, in the presence of at least two witnesses of sufficient age and discretion residing in the same locality, leave a copy of the receipt in the place in which he found the seized property. Where no witnesses are available in the same locality, the copy of the receipt shall be left by the sheriff in the presence of two witnesses residing in the nearest locality. The applicant or his representative and the Commissioner shall also be given a copy of the receipt.

After the sheriff has taken possession of the documents and articles, he shall deliver them to a bonded warehouse or government warehouse for safekeeping. The applicant or his representative shall be allowed access to said materials for the purpose of examining them.

The applicant shall be responsible for the necessary expenses incurred in the seizure and safekeeping of the documents and articles in a bonded warehouse or government warehouse.

SECTION 15. Use of reasonable force to effect writ. - The sheriff, if refused admittance to the premises after giving notice of his purpose and authority or in the absence of the alleged infringing defendant or expected adverse party, his agent or representative, or person in charge or in control of the premises or residing or working therein who is of sufficient age and discretion, may use reasonable force to gain entry to the

premises or any part of the building or anything therein, to enforce the writ or to liberate himself or any person lawfully aiding him when unlawfully detained therein.

SECTION 16. Seizure of computer disks or other storage devices. - The seizure of a computer disk or any storage device may be executed in any of the following manner;

- (a) by the physical taking thereof;
- (b) by copying its contents in a suitable device or disk provided by the applicant; or
- (c) by printing out the contents of the disk or device with the use of a printer.

When the computer disks or storage devices cannot be readily removed from the computer to which they are fitted, the sheriff may take the subject computer from the custody of the alleged infringing defendant, expected adverse party or person in charge or in control of the premises or residing or working therein.

SECTION 17. Sheriff's return. - The sheriff who executed the writ shall, within three (3) days from its enforcement, make a verified return to the court which issued the writ. The return shall contain a full statement of the proceedings under the writ and a complete inventory of the documents and articles searched, inspected or copied or seized and impounded, with copies served on the applicant, the defendant or expected adverse party and the Commissioner.

If not all of the documents and articles enumerated in the order and writ were seized, the sheriff shall so report to the court and state the reasons therefor. All objections of the defendant, expected adverse party or person in charge of the premises on the manner and regularity of the service of the writ shall be included by the sheriff in his return.

SECTION 18. Discharge of writ by the defendant or expected adverse party. - Without waiting for the return to be filed by the sheriff, the defendant, expected adverse party or the party whose property has been searched, inspected, copied or seized may file a motion with the court which issued the writ for its discharge with prayer for the return of the documents and articles seized.

The writ may be discharged on any of the following grounds:

- (a) that the writ was improperly or irregularly issued, or excessively enforced;
- (b) that the bond is insufficient;
- (c) that the safeguards provided in the writ have been violated by the applicant or the sheriff; or
- (d) that the documents and articles seized are not infringing copies or means for making the materials alleged to infringe the intellectual property right of the applicant.

The writ may be discharged in a summary hearing by the court after notice to the applicant, the sheriff and the Commissioner.

If the court finds that the bond is insufficient, it shall order a new bond to be filed by the applicant within a reasonable time. The discharge of the writ based on the insufficiency of the bond may only be made if the applicant fails to post the new bond within the period fixed by the court.

SECTION 19. Proceedings on return. - Five (5) days after issuance of the writ, the issuing judge shall ascertain if the writ has not been served or the return has been made by the sheriff. If the writ was not served or no return was made, it shall summon the sheriff and the applicant to whom the writ was issued and require them to explain why the writ was not served or why no return has been filed as the case may be.

If the return has been made, the judge shall, after notice to the applicant, the alleged infringing defendant or expected adverse party, the sheriff and the Commissioner, ascertain whether the provisions of this Rule and applicable laws have been complied with.

SECTION 20. Failure to file complaint. - The writ shall also, upon motion of the expected adverse party, be set aside and the seized documents and articles returned to the expected adverse party if no case is filed with the appropriate court or authority within thirty-one (31) calendar days from the date of issuance of the writ.

SECTION 21. Claim for damages. - Where the writ is discharged on any of the grounds provided in this Rule, or where it is found after trial that there has been no infringement or threat of infringement of an intellectual property right, the court, upon motion of the alleged infringing defendant or expected adverse party and after due hearing, shall order the applicant to compensate the defendant or expected adverse party upon the cash bond, surety bond or other equivalent security for any injury or damage the latter suffered by the issuance and enforcement of the writ. Should the damages exceed the amount of the bond, the applicant shall be liable for the payment of the excess.

When a complaint is already filed in court, the motion shall be filed with the same court during the trial or before appeal is perfected or before judgment becomes executory, with due notice to the applicant, setting forth the facts showing the defendant's right to damages and the amount thereof. The award of damages shall be included in the judgment in the main case.

Where no complaint is filed against the expected adverse party, the motion shall be filed with the court which issued the writ. In such a case, the court shall set the motion for summary hearing and immediately determine the expected adverse party's right to damages.

A judgment in favor of the applicant in its principal claim should not necessarily bar the alleged infringing defendant from recovering damages where he suffered losses by reason of the wrongful issuance or enforcement of the writ.

The damages provided for in this section shall be independent from the damages claimed by the defendant in his counterclaim.

SECTION 22. Judgment. - If it appears after trial that the seized documents and articles are found to infringe the intellectual property right of the applicant or that they constitute the means for the production of infringing goods, the court shall order their destruction or donation to charitable, educational or religious institutions with the prohibition against bringing the same into the channels of commerce. In the latter case, infringing trademarks or trade names found on labels, tags and other portions of the infringing materials shall be removed or defaced before the donation. In no case shall the infringing materials be returned to the defendant.

If the court finds no infringement, the seized materials shall be immediately returned to the defendant.

SECTION 23. Direct filing, provisional docketing and deposit of prescribed filing fee. - The Regional Trial Courts specially designated to try violations of intellectual property rights shall keep a distinct and separate logbook for writs of search and seizure. The application for a writ of search and seizure filed directly with the said courts shall be given a provisional docket number. The prescribed filing fee shall be deposited with the branch clerk of court and properly receipted for and transmitted to the Clerk of Court within twenty-four (24) hours from issuance of the order granting or denying the application for said writ. If a formal complaint is filed thereafter, the Clerk of Court may make a reassessment of the filing fee.

SECTION 24. Separate logbook. - In every court, there shall be a logbook under the custody of the Clerk of Court wherein shall be docketed and entered within twenty-four (24) hours after the issuance or denial of the writ of search and seizure, the filing of such application and other particulars thereof. All the subsequent proceedings concerning the writ of search and seizure shall be faithfully recorded in the separate logbook.

SECTION 25. Effect of violation. - A violation of any of the terms and conditions of the order and the writ of search and seizure or any provision of this Rule shall constitute contempt of court.

SECTION 26. Writ not a bar to other measures. - The availment of the writ of search and seizure under this Rule shall not prevent the applicant from resorting to other provisional measures or remedies provided in existing laws and procedural rules.

SECTION 27. Effectivity. - This Rule shall take effect on February 15, 2002 after its publication in two (2) newspapers of general circulation not later than January 30, 2002.