



Republic of the Philippines
Supreme Court
Manila

SECOND DIVISION

**E.I. DUPONT DE NEMOURS AND
CO. (assignee of inventors Carini,
Duncia and Wong),**
Petitioner,

G.R. No. 174379

Present:

VELASCO, J., *
BRION, **
DEL CASTILLO, *Acting Chairperson*
MENDOZA, and
LEONEN, JJ.

-versus-

**DIRECTOR EMMA C.
FRANCISCO (in her capacity as
DIRECTOR GENERAL OF THE
INTELLECTUAL PROPERTY
OFFICE), DIRECTOR EPIFANIO
M. EVASCO (in his capacity as the
DIRECTOR OF THE BUREAU OF
PATENTS), and THERAPHARMA,
INC.,**

Respondents.

Promulgated:
13 1 AUG 2016

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DECISION

LEONEN, J.:

A patent is granted to provide rights and protection to the inventor after an invention is disclosed to the public. It also seeks to restrain and prevent unauthorized persons from unjustly profiting from a protected invention. However, ideas not covered by a patent are free for the public to use and exploit. Thus, there are procedural rules on the application and grant of patents established to protect against any infringement. To balance the public interests involved, failure to comply with strict procedural rules will result in the failure to obtain a patent.

* Designated additional member per Raffle dated November 3, 2014.

** On leave.

This resolves a Petition for Review on Certiorari¹ assailing the Court of Appeals Amended Decision² dated August 30, 2006, which denied the revival of Philippine Patent Application No. 35526, and the Court of Appeals Resolution³ dated January 31, 2006, which granted the intervention of Therapharma, Inc. in the revival proceedings.

E.I. Dupont Nemours and Company (E.I. Dupont Nemours) is an American corporation organized under the laws of the State of Delaware.⁴ It is the assignee of inventors David John Carini, John Jonas Vytautas Duncia, and Pancras Chor Bun Wong, all citizens of the United States of America.⁵

On July 10, 1987, E.I. Dupont Nemours filed Philippine Patent Application No. 35526 before the Bureau of Patents, Trademarks, and Technology Transfer.⁶ The application was for Angiotensin II Receptor Blocking Imidazole (losartan), an invention related to the treatment of hypertension and congestive heart failure.⁷ The product was produced and marketed by Merck, Sharpe, and Dohme Corporation (Merck), E.I. Dupont Nemours' licensee, under the brand names Cozaar and Hyzaar.⁸

The patent application was handled by Atty. Nicanor D. Mapili (Atty. Mapili), a local resident agent who handled a majority of E.I. Dupont Nemours' patent applications in the Philippines from 1972 to 1996.⁹

On December 19, 2000, E.I. Dupont Nemours' new counsel, Ortega, Del Castillo, Bacorro, Odulio, Calma, and Carbonell,¹⁰ sent the Intellectual Property Office¹¹ a letter requesting that an office action be issued on Philippine Patent Application No. 35526.¹²

In response, Patent Examiner Precila O. Bulihan of the Intellectual Property Office sent an office action marked Paper No. 2 on January 30, 2002,¹³ which stated:

¹ *Rollo*, pp. 12–70. The Petition was filed under Rule 45 of the Rules of Court.

² *Id.* at 94–122.

³ *Id.* at 82–92.

⁴ *Id.* at 13.

⁵ *Id.*

⁶ *Id.* at 14.

⁷ *Id.*

⁸ *Id.*

⁹ *Id.*

¹⁰ Now known as Bito, Lozada, Ortega, Del Castillo.

¹¹ The agency was formerly known as the Bureau of Patents, Trademarks, and Technology Transfer.

¹² *Id.* at 401.

¹³ *Id.* at 403–404.

The appointed attorney on record was the late Atty. Nicanor D. Mapili. The reconstituted documents provided no documents that will show that the authority to prosecute the instant application is now transferred to the present counsel. No official revocation on record is available.

Therefore, an official revocation of the Power of Attorney of the former counsel and the appointment of the present by the applicant is therefore required before further action can be undertaken.

....

1. Contrary to what was alleged, the Chemical Examining Division's (CED) record will show that as far as the said division is concern[ed], it did not fail to issue the proper and timely action on the instant application. CED record shows that the subject application was assigned to the examiner on June 7, 1988. A month after that was July 19, 1988, the first Office Action was mailed but was declared abandoned as of September 20, 1988 for applicant's failure to respond within the period as prescribed under Rule 112. Since then, no other official transactions were recorded. This record is complemented by the Examiner-in-charge's own record. . . .

....

2. It was noted that it took thirteen (13) long years for the applicant to request for such Office Action. This is not expected of the applicant since it is an acceptable fact that almost all inventors/ applicants wish for the early disposition for their applications.¹⁴

On May 29, 2002, E.I. Dupont Nemours replied to the office action by submitting a Power of Attorney executed by Miriam Meconnahey, authorizing Ortega, Castillo, Del Castillo, Bacorro, Odulio, Calma, and Carbonell to prosecute and handle its patent applications.¹⁵ On the same day, it also filed a Petition for Revival with Cost of Philippine Patent Application No. 35526.¹⁶

In its Petition for Revival, E.I. Dupont Nemours argued that its former counsel, Atty. Mapili, did not inform it about the abandonment of the application, and it was not aware that Atty. Mapili had already died.¹⁷ It argued that it discovered Atty. Mapili's death when its senior-level patent attorney visited the Philippines in 1996.¹⁸ It argued that it only had actual

¹⁴ Id.

¹⁵ Id. at 415-417. For brevity, "the law firm of Ortega, Del Castillo, Bacorro, Odulio, Calma, and Carbonell acting on behalf of E.I Dupont Nemours and Company" from hereon shall be referred to as "E.I. Dupont Nemours."

¹⁶ Id. at 409-414.

¹⁷ Id. at 410.

¹⁸ Id. at 410.

notice of the abandonment on January 30, 2002, the date of Paper No. 2.¹⁹ Thus, it argued that its Petition for Revival was properly filed under Section 113 of the 1962 Revised Rules of Practice before the Philippines Patent Office in Patent Cases (1962 Revised Rules of Practice).²⁰

On April 18, 2002, the Director of Patents denied the Petition for Revival for having been filed out of time.²¹ The Resolution²² stated:

Propriety dictates that the well-settled rule on agency should be applied to this case to maintain the objectivity and discipline of the Office. Therefore, for cases such as the instant case, let the Office maintain its position that mistakes of the counsel bind the client, regardless of the degree of negligence committed by the former counsel. Although it appears that the former counsel, Atty. Nicanor Mapili was remiss in his obligations as counsel for the applicants, the Office cannot revive the abandoned application because of the limitations provided in Rule 115. Clearly, the Petition for Revival was filed beyond the reglementary period. Since the law and rules do not give the Director of Patents the discretion to stretch the period for revival, the Office is constrained to apply Rule 115 to the instant case.

In view of the foregoing considerations, applicants' petition to revive the subject application is hereby denied.

SO ORDERED.²³

E.I. Dupont Nemours appealed the denial to the Director-General of the Intellectual Property Office on August 26, 2002.²⁴ In the Decision²⁵ dated October 22, 2003, Director-General Emma C. Francisco denied the appeal and affirmed the Resolution of the Director of Patents.

On November 21, 2003, petitioner filed before the Court of Appeals a Petition for Review seeking to set aside the Intellectual Property Office's Decision dated October 22, 2003.²⁶

¹⁹ Id. at 409-410.

²⁰ Id. at 412. Section 113 is quoted in the Petition for Revival as:
Section 113. Revival of abandoned application.- an application abandoned for failure to prosecute may be revived as a pending application within a period of four months from the mailing date of the notice of abandonment if it is shown to the satisfaction of the Director that the delay was due to fraud, accident, mistake and excusable negligence.

A petition to revive an abandoned application must be promptly filed after the applicant is notified of, or otherwise becomes aware of the abandonment, and must be accompanied by (1) a showing of the cause of delay (2) a complete proposed response and (3) the required fees as set forth in Rule 15.

²¹ Id. at 418-423.

²² The Resolution was penned by Director of Patents Epifanio M. Evasco and Patent Examiner Precila O. Bulilan.

²³ Id. at 422-423.

²⁴ Id. at 424-439.

²⁵ Id. at 194-204.

²⁶ Id. at 21.

On August 31, 2004, the Court of Appeals granted the Petition for Review.²⁷ In allowing the Petition for Revival, the Court of Appeals stated:

After an exhaustive examination of the records of this case, this Court believes that there is sufficient justification to relax the application of the above-cited doctrine in this case, and to afford petitioner some relief from the gross negligence committed by its former lawyer, Atty. Nicanor D. Mapili[.]²⁸

The Office of the Solicitor General, on behalf of the Intellectual Property Office, moved for reconsideration of this Decision on September 22, 2004.²⁹

In the interim, Therapharma, Inc. moved for leave to intervene and admit the Attached Motion for Reconsideration dated October 11, 2004³⁰ and argued that the Court of Appeals' August 31, 2004 Decision directly affects its "vested" rights to sell its own product.³¹

Therapharma, Inc. alleged that on January 4, 2003, it filed before the Bureau of Food and Drugs its own application for a losartan product "Lifezar," a medication for hypertension, which the Bureau granted.³² It argued that it made a search of existing patent applications for similar products before its application, and that no existing patent registration was found since E.I. Dupont Nemours' application for its losartan product was considered abandoned by the Bureau of Patents, Trademarks, and Technology Transfer.³³ It alleged that sometime in 2003 to 2004, there was an exchange of correspondence between Therapharma, Inc. and Merck. In this exchange, Merck informed Therapharma, Inc. that it was pursuing a patent on the losartan products in the Philippines and that it would pursue any legal action necessary to protect its product.³⁴

On January 31, 2006, the Court of Appeals issued the Resolution³⁵ granting the Motion for Leave to Intervene. According to the Court of Appeals, Therapharma, Inc. had an interest in the revival of E.I. Dupont Nemours' patent application since it was the local competitor for the losartan

²⁷ Id. at 124–133. The Decision was penned by then Associate Justice (now Presiding Justice) Andres B. Reyes, Jr. and concurred in by Associate Justices Rosmari D. Carandang and Monina Arevalo-Zenarosa of the Seventeenth Division, Court of Appeals, Manila.

²⁸ Id. at 130.

²⁹ Id. at 94.

³⁰ Id. at 82.

³¹ Id. at 85.

³² Id. at 83–84.

³³ Id. at 83.

³⁴ Id. at 84.

³⁵ Id. at 82–92. The Resolution was penned by then Associate Justice (now Presiding Justice) Andres B. Reyes, Jr. and concurred in by Associate Justices Rosmari D. Carandang and Monina Arevalo-Zenarosa of the Tenth Division, Court of Appeals, Manila.

product.³⁶ It stated that even if the Petition for Review was premised on the revival of the patent application, Therapharma, Inc.'s intervention was not premature since E.I. Dupont Nemours, through Merck, already threatened Therapharma, Inc. with legal action if it continued to market its losartan product.³⁷

E.I. Dupont Nemours moved for reconsideration on February 22, 2006, assailing the Court of Appeals' January 31, 2006 Resolution.³⁸

On August 30, 2006, the Court of Appeals resolved both Motions for Reconsideration and rendered the Amended Decision³⁹ reversing its August 31, 2004 Decision.

The Court of Appeals ruled that the public interest would be prejudiced by the revival of E.I. Dupont Nemours' application.⁴⁰ It found that losartan was used to treat hypertension, "a chronic ailment afflicting an estimated 12.6 million Filipinos,"⁴¹ and noted that the presence of competition lowered the price for losartan products.⁴² It also found that the revival of the application prejudiced Therapharma, Inc.'s interest, in that it had already invested more than ₱20,000,000.00 to develop its own losartan product and that it acted in good faith when it marketed its product.⁴³

The Court of Appeals likewise found that it erroneously based its August 31, 2004 Decision on E.I. Dupont Nemours' allegation that it took seven (7) to 13 years for the Intellectual Property Office to act on a patent application.⁴⁴ It stated that while it might have taken that long to issue the patent, it did not take that long for the Intellectual Property Office to *act* on application.⁴⁵ Citing *Schuartz v. Court of Appeals*,⁴⁶ it found that both E.I. Dupont Nemours and Atty. Mapili were inexcusably negligent in prosecuting the patent application.⁴⁷

On October 19, 2006, petitioner E.I. Dupont Nemours filed before this Court this Petition for Review on Certiorari.⁴⁸ Both respondents Intellectual Property Office and Therapharma, Inc. were directed to comment on the

³⁶ Id. at 88.

³⁷ Id. at 89.

³⁸ Id. at 94.

³⁹ Id. at 94–122. The Amended Decision was penned by then Associate Justice (now Presiding Justice) Andres B. Reyes, Jr. and concurred in by Associate Justices Rosmari D. Carandang and Monina Arevalo-Zenarosa of the Former Seventeenth Division, Court of Appeals, Manila.

⁴⁰ Id. at 108.

⁴¹ Id.

⁴² Id. at 108–109.

⁴³ Id. at 109–110.

⁴⁴ Id. at 110.

⁴⁵ Id.

⁴⁶ 390 Phil. 819 (2000) [Per J. Pardo, First Division].

⁴⁷ *Rollo*, p. 111.

⁴⁸ Id. at 12–70.

comment on the Petition.⁴⁹ Upon submission of their respective Comments,⁵⁰ petitioner was directed to file its Consolidated Reply.⁵¹ Thereafter, the parties were directed to file their respective memoranda.⁵²

The arguments of the parties present several issues for this Court's resolution, as follows:

First, whether the Petition for Review on Certiorari complied with Rule 45, Section 4 of the Rules of Court when petitioner failed to attach certain documents to support the allegations in the complaint;

Second, whether petitioner should have filed a petition for certiorari under Rule 65 of the Rules of Court;

Third, whether the Petition for Review on Certiorari raises questions of fact;

Fourth, whether the Court of Appeals erred in allowing the intervention of respondent Therapharma, Inc. in petitioner's appeal;

Fifth, whether the Court of Appeals erred in denying petitioner's appeal for the revival of its patent application on the grounds that (a) petitioner committed inexcusable negligence in the prosecution of its patent application; and (b) third-party rights and the public interest would be prejudiced by the appeal;

Sixth, whether *Schuartz* applies to this case in that the negligence of a patent applicant's counsel binds the applicant; and

Lastly, whether the invention has already become part of public domain.

I

The question of whether the Court of Appeals may resolve a motion for intervention is a question that assails an interlocutory order and requests a review of a lower court's exercise of discretion. Generally, a petition for certiorari under Rule 65 of the Rules of Court will lie to raise this issue in a limited manner. There must be a clear showing of grave abuse of discretion

⁴⁹ Id. at 134.

⁵⁰ Id. at 144–193 and 282–309.

⁵¹ Id. at 315.

⁵² Id. at 459–460.

for the writ of certiorari to be issued.

However, when the Court of Appeals has already resolved the question of intervention and the merits of the case, an appeal through a petition for review on certiorari under Rule 45 of the Rules of Court is the proper remedy.

Respondent Therapharma, Inc. argues that the Petition should be dismissed outright for being the wrong mode of appeal.⁵³ It argues that petitioner should have filed a petition for certiorari under Rule 65 since petitioner was assailing an act done by the Court of Appeals in the exercise of its discretion.⁵⁴ It argues that petitions under Rule 45 are limited to questions of law, and petitioner raised findings of fact that have already been affirmed by the Court of Appeals.⁵⁵

Petitioner, on the other hand, argues that Rule 65 is only available when there is no appeal or any plain, speedy remedy in the ordinary course of law. Since a petition for review under Rule 45 was still available to it, it argues that it correctly availed itself of this remedy.⁵⁶ Petitioner also argues that there are exceptions to the general rule on the conclusiveness of the Court of Appeals' findings of fact.⁵⁷ It argues that it was necessary for it to discuss relevant facts in order for it to show that the Court of Appeals made a misapprehension of facts.⁵⁸

The special civil action of certiorari under Rule 65 is intended to correct errors of jurisdiction.⁵⁹ Courts lose competence in relation to an order if it acts in grave abuse of discretion amounting to lack or excess of jurisdiction.⁶⁰ A petition for review under Rule 45, on the other hand, is a mode of appeal intended to correct errors of judgment.⁶¹ Errors of judgment are errors committed by a court within its jurisdiction.⁶² This includes a review of the conclusions of law⁶³ of the lower court and, in appropriate cases, evaluation of the admissibility, weight, and inference from the evidence presented.

Intervention results in an interlocutory order ancillary to a principal

⁵³ Id. at 488.

⁵⁴ Id. at 489.

⁵⁵ Id. at 491–498.

⁵⁶ Id. at 543.

⁵⁷ Id. at 544.

⁵⁸ Id. at 545.

⁵⁹ *Silverio v. Court of Appeals*, 225 Phil. 459, 472 (1986) [Per Acting C.J. Teehankee, En Banc].

⁶⁰ *First Corporation v. Court of Appeals*, 553 Phil. 527, 541 (2007) [Per J. Chico-Nazario, Third Division].

⁶¹ *Silverio v. Court of Appeals*, 225 Phil. 459, 471–472 (1986) [Per Acting C.J. Teehankee, En Banc].

⁶² *First Corporation v. Court of Appeals*, 553 Phil. 527, 541 (2007) [Per J. Chico-Nazario, Third Division].

⁶³ Id.

action.⁶⁴ Its grant or denial is subject to the sound discretion of the court.⁶⁵ Interlocutory orders, or orders that do not make a final disposition of the merits of the main controversy or cause of action,⁶⁶ are generally not reviewable.⁶⁷ The only exception is a limited one, in that when there is no plain, speedy, and adequate remedy, and where it can be shown that the court acted without, in excess, or with such grave abuse of discretion that such action ousts it of jurisdiction.

Judicial economy, or the goal to have cases prosecuted with the least cost to the parties,⁶⁸ requires that unnecessary or frivolous reviews of orders by the trial court, which facilitate the resolution of the main merits of the case, be reviewed together with the main merits of the case. After all, it would be more efficient for an appellate court to review a case in its entire context when the case is finally disposed.

The question of whether intervention is proper is a question of law. Settled is the distinction between a question of law and a question of fact. A question of fact arises when there is doubt as to the truth or falsity of certain facts.⁶⁹ A question of law, on the other hand, arises when “the appeal raises doubt as to the applicable law on a certain set of facts.”⁷⁰ The test often used by this Court to determine whether there is a question of fact or a question of law “is not the appellation given to such question by the party raising the same; rather, it is whether the appellate court can determine the issue raised without reviewing or evaluating the evidence, in which case, it is a question of law; otherwise it is a question of fact.”⁷¹

Petitioner raises the question of whether Republic Act No. 165 allows

⁶⁴ *Ordoñez v. Judge Gustilo*, 270 Phil. 579, 585–586 (1990) [Per J. Paras, Second Division] citing Francisco, Rules of Court, Vol. 1.

⁶⁵ See RULES OF COURT, Rule 19, sec. 1.

⁶⁶ *Pahila-Garrido v. Tortogo, et al.*, 671 Phil. 320, 334 (2011) [Per J. Bersamin, First Division] citing *Tan v. Republic*, 551 Phil. 201, 210 (2007) [Per J. Sandoval-Gutierrez, First Division] and *Miranda v. Court of Appeals*, 163 Phil. 285, 321 (1976) [Per J. Teehankee, En Banc].

⁶⁷ *Id.* at 335, citing *United Overseas Bank (formerly Westmont Bank) v. Judge Ros*, 556 Phil. 178, 191 (2007) [Per J. Chico-Nazario, Third Division]; *Rudecon Management Corporation v. Singson*, 494 Phil. 581, 597 (2005) [Per J. Callejo, Sr., Second Division]; and *Sitchon v. Sheriff of Occidental Negros*, 80 Phil. 397, 399 (1948) [Per J. FERIA, En Banc].

⁶⁸ See *City of Lapu-Lapu v. Philippine Economic Export Zone*, G.R. No. 184203, November 26, 2014, 742 SCRA 524, 589 [Per J. Leonen, Second Division] and *Salud v. The Court of Appeals*, G.R. No. 100156, June 27, 1994, 233 SCRA 384, 389 [Per J. Puno, Second Division].

⁶⁹ *Republic v. Malabanan*, 646 Phil. 631, 637 (2010) [Per J. Villarama, Jr., Third Division] citing *Leoncio v. De Vera*, 569 Phil. 512, 516 (2008) [Per J. Nachura, Third Division].

⁷⁰ *City of Lapu-Lapu v. Philippine Economic Zone Authority*, G.R. No. 184203, November 26, 2014, 742 SCRA 524, 557 [Per J. Leonen, Second Division] citing *Far Eastern Surety and Insurance Co., Inc. v. People*, 721 Phil. 760, 767 (2013) [Per J. Brion, Second Division] and *Republic v. Malabanan*, 646 Phil. 631, 637 (2010) [Per J. Villarama, Jr., Third Division].

⁷¹ *Republic v. Malabanan*, 646 Phil. 631, 638 (2010) [Per J. Villarama, Jr., Third Division] citing *Leoncio v. De Vera*, 569 Phil. 512, 516 (2008) [Per J. Nachura, Third Division], *in turn* citing *Elenita S. Binay, in her capacity as Mayor of the City of Makati, Mario Rodriguez and Priscilla Ferrolino v. Emerita Odeña*, 551 Phil. 681, 68 (2007) [Per J. Nachura, En Banc] and *Velayo-Fong v. Velayo*, 539 Phil. 377, 386–387 (2006) [Per J. Austria-Martinez, First Division]. See also *Century Iron Works v. Bañas*, 711 Phil. 576, 586 (2013) [Per J. Brion, Second Division] and *Tongonan Holdings v. Atty. Escaño*, 672 Phil. 747, 758 (2011) [Per J. Mendoza, Third Division].

the Court of Appeals to grant a motion for intervention. This necessarily requires a determination of whether Rule 19 of the Rules of Court⁷² applies in appeals of cases filed under Republic Act No. 165. The determination of this question does not require a review of re-evaluation of the evidence. It requires a determination of the applicable law.

II

If a petition fails to attach material portions of the record, it may still be given due course if it falls under certain exceptions. Although Rule 45, Section 4 of the Rules of Court requires that the petition “be accompanied by . . . such material portions of the record as would support the petition,” the failure to do so will not necessarily warrant the outright dismissal of the complaint.⁷³

Respondent Therapharma, Inc. argues that the Petition should have been outright dismissed since it failed to attach certain documents to support its factual allegations and legal arguments, particularly: the annexes of the Petition for Review it had filed before the Court of Appeals and the annexes in the Motion for Leave to Intervene it had filed.⁷⁴ It argues that petitioner’s failure to attach the documents violates Rule 45, Section 4, which requires the submission of material portions of the record.⁷⁵

On the other hand, petitioner argues that it was able to attach the Court of Appeals Decision dated August 31, 2004, the Resolution dated January 31, 2006, and the Amended Decision dated August 30, 2006, all of which were sufficient for this Court to give due course to its Petition.⁷⁶

In *Magsino v. De Ocampo*,⁷⁷ this Court applied the procedural guideposts in *Galvez v. Court of Appeals*⁷⁸ in determining whether the Court of Appeals correctly dismissed a petition for review under Rule 42 for failure to attach relevant portions of the record. Thus:

In *Galvez v. Court of Appeals*, a case that involved the dismissal of a petition for certiorari to assail an unfavorable ruling brought about by the failure to attach copies of all pleadings submitted and other material portions of the record in the trial court (like the complaint, answer and position paper) as would support the allegations of the petition, the Court

⁷² Rule 19 of the Rules of Court refers to Interventions before the court.

⁷³ See RULES OF COURT, Rule 45, sec. 5.

⁷⁴ *Rollo*, p. 484.

⁷⁵ *Id.* at 487.

⁷⁶ *Id.* at 538–542.

⁷⁷ G.R. No. 166944, August 18, 2014, 733 SCRA 202 [Per J. Bersamin, First Division].

⁷⁸ 708 Phil. 9 (2013) [Per J. Bersamin, En Banc]. *Galvez* actually cites *Air Philippines v. Zamora*, 529 Phil. 718 (2006) [Per J. Austria-Martinez, First Division].

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recognized three guideposts for the CA to consider in determining whether or not the rules of procedures should be relaxed, as follows:

First, not all pleadings and parts of case records are required to be attached to the petition. Only those which are relevant and pertinent must accompany it. The test of relevancy is whether the document in question will support the material allegations in the petition, whether said document will make out a *prima facie* case of grave abuse of discretion as to convince the court to give due course to the petition.

Second, even if a document is relevant and pertinent to the petition, it need not be appended if it is shown that the contents thereof can also [sic] found in another document already attached to the petition. Thus, if the material allegations in a position paper are summarized in a questioned judgment, it will suffice that only a certified true copy of the judgment is attached.

Third, a petition lacking an essential pleading or part of the case record may still be given due course or reinstated (if earlier dismissed) upon showing that petitioner later submitted the documents required, or that it will serve the higher interest of justice that the case be decided on the merits.⁷⁹

Although *Magsino* referred to a petition for review under Rule 42 before the Court of Appeals, the procedural guideposts cited in *Magsino* may apply to this case since the contents of a pleading under Rule 42⁸⁰ are substantially the same as the contents of a pleading under Rule 45,⁸¹ in that

⁷⁹ *Magsino v. De Ocampo*, G.R. No. 166944, August 18, 2014, 733 SCRA 202, 211–212 [Per J. Bersamin, First Division], citing *Galvez v. Court of Appeals*, 708 Phil. 9, 20 (2013) [Per J. Bersamin, En Banc].

⁸⁰ RULES OF COURT, Rule 42, sec. 2 provides:

SEC. 2. Form and contents. — The petition shall be filed in seven (7) legible copies, with the original copy intended for the court being indicated as such by the petitioner, and shall (a) state the full names of the parties to the case, without impleading the lower courts or judges thereof either as petitioners or respondents; (b) indicate the specific material dates showing that it was filed on time; (c) set forth concisely a statement of the matters involved, the issues raised, the specification of errors of fact or law, or both, allegedly committed by the Regional Trial Court, and the reasons or arguments relied upon for the allowance of the appeal; (d) be accompanied by clearly legible duplicate originals or true copies of the judgments or final orders of both lower courts, certified correct by the clerk of court of the Regional Trial Court, the requisite number of plain copies thereof and of the pleadings and other material portions of the record as would support the allegations of the petition.

The petitioner shall also submit together with the petition a certification under oath that he has not theretofore commenced any other action involving the same issues in the Supreme Court, the Court of Appeals or different divisions thereof, or any other tribunal or agency; if there is such other action or proceeding, he must state the status of the same; and if he should thereafter learn that a similar action or proceeding has been filed or is pending before the Supreme Court, the Court of Appeals, or different divisions thereof, or any other tribunal or agency, he undertakes to promptly inform the aforesaid courts and other tribunal or agency thereof within five (5) days therefrom.

⁸¹ RULES OF COURT, Rule 45, sec 4 provides:

SEC. 4. Contents of petition. — The petition shall be filed in eighteen (18) copies, with the original copy intended for the court being indicated as such by the petitioner and shall (a) state the full name of the appealing party as the petitioner and the adverse party as respondent, without impleading the lower courts or judges thereof either as petitioners or respondents; (b) indicate the material dates showing when notice of the judgment or final order or resolution subject thereof was received, when a motion

both procedural rules require the submission of “material portions of the record as would support the allegations of the petition.”⁸²

In support of its Petition for Review on Certiorari, petitioner attached the Court of Appeals Decision dated August 31, 2004,⁸³ the Resolution dated January 31, 2006,⁸⁴ and the Amended Decision dated August 30, 2006.⁸⁵ The Court of Appeals Resolution and Amended Decision quoted extensive portions of its *rollo* in support of its rulings.⁸⁶ These conclusions were sufficient to convince this Court not to outright dismiss the Petition but to require respondents to first comment on the Petition, in satisfaction of the first and second procedural guideposts in *Magsino*.

Upon filing of its Consolidated Reply,⁸⁷ petitioner was able to attach the following additional documents:

- (1) Petition for Review filed before the Court of Appeals;⁸⁸
- (2) Letters dated July 18, 1995, December 12, 1995, and December 29, 1995;⁸⁹
- (3) Declaration of Ms. Miriam Meonnahey dated June 25, 2002;⁹⁰
- (4) Spreadsheet of petitioner’s patent applications handled by Atty. Mapili;⁹¹
- (5) Power of Attorney and Appointment of Resident Agent dated September 26, 1996;⁹²
- (6) Letter dated December 19, 2000 requesting an Office Action on Patent Application No. 35526;⁹³
- (7) Paper No. 2 dated January 30, 2002;⁹⁴
- (8) Petition for Revival dated January 30, 2002 with attached Power of Attorney and Appointment of Resident Agent;⁹⁵
- (9) Resolution dated July 24, 2002 by Director of the Bureau of

for new trial or reconsideration, if any, was filed and when notice of the denial thereof was received; (c) set forth concisely a statement of the matters involved, and the reasons or arguments relied on for the allowance of the petition; (d) be accompanied by a clearly legible duplicate original, or a certified true copy of the judgment or final order or resolution certified by the clerk of court of the court a quo and the requisite number of plain copies thereof, and such material portions of the record as would support the petition; and (e) contain a sworn certification against forum shopping as provided in the last paragraph of section 2, Rule 42.

⁸² RULES OF COURT, Rule 42, sec. 2 and Rule 45, sec. 4.

⁸³ *Rollo*, pp. 124–133.

⁸⁴ *Id.* at 82–92.

⁸⁵ *Id.* at 94–122.

⁸⁶ *See rollo*, pp. 87, 89 to 90, Court of Appeals Resolution dated January 31, 2006; and pp. 96–100, 115–116, Court of Appeals Amended Decision dated August 30, 2006.

⁸⁷ *Rollo*, pp. 328–351.

⁸⁸ *Id.* at 352–379.

⁸⁹ *Id.* at 380–382.

⁹⁰ *Id.* at 384–385.

⁹¹ *Id.* at 387–397.

⁹² *Id.* at 398–400.

⁹³ *Id.* at 401–402.

⁹⁴ *Id.* at 403–404.

⁹⁵ *Id.* at 409–417.

- Patents;⁹⁶ and
 (10) Notice of and Memorandum on Appeal before the Director-General of the Intellectual Property Office.⁹⁷

The third procedural guidepost in *Magsino* was complied with upon the submission of these documents. Petitioner, therefore, has substantially complied with Rule 45, Section 4 of the Rules of Court.

III

Appeal is not a right but a mere privilege granted by statute.⁹⁸ It may only be exercised in accordance with the law that grants it.

Accordingly, the Court of Appeals is not bound by the rules of procedure in administrative agencies. The procedural rules of an administrative agency only govern proceedings within the agency. Once the Court of Appeals has given due course to an appeal from a ruling of an administrative agency, the proceedings before it are governed by the Rules of Court.

However, petitioner argues that intervention should not have been allowed on appeal⁹⁹ since the revival of a patent application is *ex parte* and is “strictly a contest between the examiner and the applicant”¹⁰⁰ under Sections 78¹⁰¹ and 79¹⁰² of the 1962 Revised Rules of Practice.¹⁰³ It argues that the disallowance of any intervention is to ensure the confidentiality of the proceedings under Sections 13 and 14 of the 1962 Revised Rules of Practice.¹⁰⁴

Respondents argue that the 1962 Revised Rules of Practice is only applicable before the Intellectual Property Office.¹⁰⁵ In particular, respondent Therapharma, Inc. argues that the issue before the Court of Appeals was beyond the realm of patent examination proceedings since it

⁹⁶ Id. at 418–423.

⁹⁷ Id. at 424–439.

⁹⁸ *Spouses Manalili v. Spouses Arsenio*, 422 Phil. 214, 220 (2001) [Per J. Panganiban, Third Division].

⁹⁹ *Rollo*, p. 545.

¹⁰⁰ Id.

¹⁰¹ 1962 Revised Rules of Practice before the Philippines Patent Office in Patent Cases, sec. 78 provides: 78. *Applications prosecuted ex parte* – A patent application is prosecuted *ex-parte* by the applicant; that is the proceedings are like a lawsuit in which there is a plaintiff, but no defendant, the court itself acting as the adverse party.

¹⁰² 1962 Revised Rules of Practice before the Philippines Patent Office in Patent Cases, sec. 79 provides: 79. *Proceedings a contest between the Principal Examiner and the applicant*. – An *ex-parte* proceeding in the Patent Office is a law contest between the Principal Examiner, representing the public and trying to give the inventor the least possible monopoly in return for his disclosure, and the applicant of his attorney trying to get as much monopoly as possible.

¹⁰³ *Rollo*, pp. 546–547.

¹⁰⁴ Id. at 548–549.

¹⁰⁵ Id. at 499 and 607–610.

did not involve the patentability of petitioner's invention.¹⁰⁶ It further argues that its intervention did not violate the confidentiality of the patent application proceedings since petitioner was not required to divulge confidential information regarding its patent application.¹⁰⁷

In the 1962 Revised Rules of Practice, final decisions of the Director of Patents are appealed to this Court and governed by Republic Act No. 165. In particular:

PART X
PETITION AND APPEALS

....

CHAPTER IV
APPEALS TO THE SUPREME COURT FROM FINAL ORDERS OR
DECISIONS OF THE DIRECTOR OF PATENTS IN EX PARTE AND
INTER PARTES PROCEEDINGS

265. *Appeals to the Supreme Court in ex parte and inter partes proceedings.*—Any person who is dissatisfied with the final decision of the Director of Patents, (affirming that of a Principal Examiner) denying him a patent for an invention, industrial design or utility model; any person who is dissatisfied with any final decision of the Director of Patents (affirming that of the Executive Examiner) in any proceeding; and any party who is dissatisfied with any final decision of the Director of Patents in an *inter partes* proceeding, may appeal such final decision to the Supreme Court within thirty days from the date he receives a copy of such decision. (Republic Act No. 165, section 16, as amended by section 3, Republic Act No. 864.)

266. *Procedure on appeal to the Supreme Court.*—For the procedure on appeal to the Supreme Court, from the final decisions of the Director of Patents, see sections 63 to 73, inclusive, of Republic Act No. 165 (patent law).

Particularly instructive is Section 73 of Republic Act No. 165, which provides:

Section 73. *Rules of Court applicable.* – In all other matters not herein provided, the applicable provisions of the Rules of Court shall govern.

Republic Act No. 165 has since been amended by Republic Act No. 8293, otherwise known as the Intellectual Property Code of the Philippines (Intellectual Property Code), in 1997. This is the applicable law with regard to the revival of petitioner's patent application. Section 7(7.1)(a) of the

¹⁰⁶ Id. at 499.

¹⁰⁷ Id. at 500–501.

Intellectual Property Code states:

SECTION 7. The Director General and Deputies Director General. —

7.1. Functions. — The Director General shall exercise the following powers and functions:

....

b. Exercise exclusive appellate jurisdiction over all decisions rendered by the Director of Legal Affairs, the Director of Patents, the Director of Trademarks, and the Director of the Documentation, Information and Technology Transfer Bureau. *The decisions of the Director General in the exercise of his appellate jurisdiction in respect of the decisions of the Director of Patents, and the Director of Trademarks shall be appealable to the Court of Appeals in accordance with the Rules of Court; and those in respect of the decisions of the Director of Documentation, Information and Technology Transfer Bureau shall be appealable to the Secretary of Trade and Industry[.]* (Emphasis supplied)

Thus, it is the Rules of Court, not the 1962 Revised Rules of Practice, which governs the Court of Appeals' proceedings in appeals from the decisions of the Director-General of the Intellectual Property Office regarding the revival of patent applications.

Rule 19 of the Rules of Court provides that a court has the discretion to determine whether to give due course to an intervention. Rule 19, Section 1 states:

RULE 19
INTERVENTION

SECTION 1. *Who may intervene.* — A person who has a legal interest in the matter in litigation, or in the success of either of the parties, or an interest against both, or is so situated as to be adversely affected by a distribution or other disposition of property in the custody of the court or of an officer thereof may, with leave of court, be allowed to intervene in the action. The court shall consider whether or not the intervention will unduly delay or prejudice the adjudication of the rights of the original parties, and whether or not the intervenor's rights may be fully protected in a separate proceeding.

The only questions the court need to consider in a motion to intervene are whether the intervenor has standing to intervene, whether the motion will unduly delay the proceedings or prejudice rights already established, and whether the intervenor's rights may be protected in a separate action.¹⁰⁸

¹⁰⁸ RULES OF COURT, Rule 19, sec. 1.

If an administrative agency's procedural rules expressly prohibit an intervention by third parties, the prohibition is limited only to the proceedings before the administrative agency. Once the matter is brought before the Court of Appeals in a petition for review, any prior prohibition on intervention does not apply since the only question to be determined is whether the intervenor has established a right to intervene under the Rules of Court.

In this case, respondent Therapharma, Inc. filed its Motion for Leave to Intervene¹⁰⁹ before the Court of Appeals, not before the Intellectual Property Office. In assessing whether to grant the intervention, the Court of Appeals considered respondent Therapharma, Inc.'s legal interest in the case and its other options for the protection of its interests.¹¹⁰ This was within the discretion of the Court of Appeals under the Rules of Court.

Respondent Therapharma, Inc. was able to show that it had legal interest to intervene in the appeal of petitioner's revival of its patent application. While its intervention may have been premature as no patent has been granted yet, petitioner's own actions gave rise to respondent Therapharma, Inc.'s right to protect its losartan product.

Respondent Therapharma, Inc. filed an application for product registration before the Bureau of Food and Drugs on June 4, 2003 and was granted a Certificate of Product Registration on January 27, 2004.¹¹¹ It conducted patent searches from October 15, 1995 and found that no patent application for losartan had been filed either before the Bureau of Patents, Trademarks, and Technology Transfer or before the Intellectual Property Office.¹¹²

As early as December 11, 2003, petitioner through Merck was already sending communications threatening legal action if respondent Therapharma, Inc. continued to develop and market losartan in the Philippines. The letter stated:

Merck is strongly committed to the protection of its valuable intellectual property rights, including the subject losartan patents. While fair competition by sale of pharmaceutical products which are domestically produced legally is always welcomed by Merck and MSD Philippines, *Merck will vigorously pursue all available legal remedies against any unauthorized manufacturer, distributor or supplier of losartan in countries where its patents are in force and where such activity is prohibited by law. Thus, Merck is committed to preventing the distribution of losartan in the Philippines if it originates from, or travels*

¹⁰⁹ Rollo, pp. 216-238.

¹¹⁰ Id. at 85-87.

¹¹¹ Id. at 218.

¹¹² Id. at 217-218.

*through, a country in which Merck holds patent rights.*¹¹³ (Emphasis supplied)

This letter was presented before the Court of Appeals, which eventually granted the revival of the patent application in its August 31, 2004 Decision. Petitioner had no pending patent application for its losartan product when it threatened respondent Therapharma, Inc. with legal action.¹¹⁴

Respondent Therapharma, Inc. expressed its willingness to enter into a Non-Use and Confidentiality Contract if there was a pending patent application.¹¹⁵ After several negotiations on the clauses of the contract,¹¹⁶ the parties were unable to come to an agreement. In its letter dated May 24, 2004,¹¹⁷ respondent Therapharma, Inc. expressed its frustration on petitioner's refusal to give a clear answer on whether it had a pending patent application:

For easy reference, we have reproduced below paragraph 5 of the Confidentiality and Non-Use Agreement ("Confidentiality Agreement"), underscoring your proposed amendment:

"THERAPHARMA agrees that upon receipt of Specifications and Claims of Application No. 35526 or at any time thereafter, before it becomes part of the public domain, through no fault of THERAPHARMA, it will not, either directly or indirectly, alone, or through, on behalf of, or in conjunction with any other person or entity, make use of any information contained therein, particularly the product covered by its claims and the equivalents thereof, in any manner whatsoever."

We find your proposed insertion odd. What may be confidential, and which we agree you have every right to protect by way of the Confidentiality Agreement, are the Specifications and Claims in the patent application, not the product per se. The product has been in the market for years. Hence, how can it be confidential? Or is the ambiguity intended to create a legal handle because you have no cause of action against us should we launch our own version of the losartan product?

....

Finally, the questions we posed in our previous letters are plain and simple – **Is the Philippine Patent Application No. 35526 still pending before the IPO, i.e., it has neither been withdrawn by your licensor nor denied registration by the IPO for any reason whatsoever? When did your licensor file said application with the IPO?** These questions

¹¹³ Id. at 240–241.

¹¹⁴ Id. at 242–243. This was also pointed out by respondent Therapharma, Inc. in its February 13, 2004 reply-letter to Merck.

¹¹⁵ Id.

¹¹⁶ Id. at 244–259.

¹¹⁷ Id. at 260–261.

are easy to answer, unless there is an intention to mislead. You are also aware that the IPO is the only government agency that can grant letters patent. This is why we find disturbing your statement that the pendency of the patent application before the IPO is “not relevant”. Hence, unless we receive unequivocal answers to the questions above, we regret that we cannot agree to execute the Confidentiality Agreement; otherwise, we may be acknowledging by contract a right that you do not have, and never will have, by law.¹¹⁸ (Emphasis and underscoring in the original)

The threat of legal action against respondent Therapharma, Inc. was real and imminent. If respondent Therapharma, Inc. waited until petitioner was granted a patent application so it could file a petition for compulsory licensing and petition for cancellation of patent under Section 240¹¹⁹ and Section 247¹²⁰ of the 1962 Revised Rules of Practice,¹²¹ its continued marketing of Lifezar would be considered as an infringement of petitioner’s patent.

Even assuming that the Intellectual Property Office granted the revival of Philippine Patent Application No. 35526 back in 2000, petitioner’s claim of absolute confidentiality in patent proceedings is inaccurate.

In the 1962 Revised Rules of Practice, the Bureau of Patents, Trademarks, and Technology Transfer previously required secrecy in pending patent applications. Section 13 states:

13. *Pending applications are preserved in secrecy.*—No information will be given to anyone respecting the filing by any particular person of any application for a patent, the pendency of any particular case before the Office, or the subject matter of any particular application, unless the same is authorized by the applicant in writing, and unless it shall be necessary, in the opinion of the Director of Patents for the proper conduct of business before the Office.

The Intellectual Property Code, however, changed numerous aspects of the old patent law. The Intellectual Property Code was enacted not only to amend certain provisions of existing laws on trademark, patent, and copyright, but also to honor the country’s commitments under the World

¹¹⁸ Id. at 260–261.

¹¹⁹ Rules of Practice in Patent Cases, sec. 240 provides:

240. *Who may file petition for compulsory license; time for filing the petition.*—Upon payment of the required fee, any person may apply to the Director of Patents for the grant of a license under a particular patent at any time after the expiration of three years from the date of the grant of the patent.

¹²⁰ Rules of Practice in Patent Cases, sec. 247 provides:

247. *Who may file a petition for cancellation; time for filing petition.*—Any person who has been, is, or will be injured by the grant of a letters patent may, on payment of the required fee, and within three years from the date the issue of the patent was published in the *Official Gazette*, petition the Director of Patents to cancel the said patent or any claim thereof. (Republic Act No. 165, section 28).

¹²¹ These sections have since been superseded by Chap. VI, sec. 61 and Chap. X, sec. 93 of the Intellectual Property Code of the Philippines.

Trade Organization - Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement), a treaty that entered force in the Philippines on January 1, 1995.¹²²

The mandatory disclosure requirement in the TRIPS Agreement¹²³ precipitated the shift from a first-to-invent system to a first-to-file system. The first-to-file system required citizens of foreign countries to register their patents in the Philippines before they can sue for infringement.¹²⁴

Lawmakers, however, expressed their concern over the extension of the period of protection for registered patents.¹²⁵ Under Section 21¹²⁶ of Republic Act No. 165, a patent had a term of 17 years. The Intellectual Property Code extended the period to 20 years.¹²⁷

During the interpellations before the House of Representatives, then Representative Neptali Gonzales II (Gonzales) explained that under the Intellectual Property Code, the period of protection would have been shortened because of the publication requirement:

MR. TAÑADA. Under the proposed measure, Your Honor, what is the period of protection that is given to the holder of the patent registered?

MR. GONZALES. Seventeen years from grant of patent, Mr. Speaker. Unlike before . . .

MR. TAÑADA. Under the present law, Mr. Speaker.

MR. GONZALES. I mean 17 years from filing, Mr. Speaker, unlike before which is 20 years from grant. Okay.

I am sorry, Mr. Speaker. Seventeen years from filing under the existing law, 20 years from grant under the proposed measure. It would appear, Mr. Speaker, that the proposed measure seeks to extend the grant of the patent.

¹²² See H. No. 08098, 10th Cong. (1996), November 12, 1996, p. 6.

¹²³ AGREEMENT ON TRADE-RELATED ASPECTS OF INTELLECTUAL PROPERTY RIGHTS (1995), art. 29 provides:

Article 29. Conditions on Patent Applicants. 1. Members shall require that an applicant for a patent shall disclose the invention in a manner sufficiently clear and complete for the invention to be carried out by a person skilled in the art and may require the applicant to indicate the best mode for carrying out the invention known to the inventor at the filing date or, where priority is claimed, at the priority date of the application.

¹²⁴ See H. No. 08098, 10th Cong. (1996), March 18, 1997, pp. 267-268.

¹²⁵ See H. No. 08098, 10th Cong. (1996), March 18, 1997, pp. 272-274.

¹²⁶ Rep. Act No. 165 (1947), sec. 21 provides:

SECTION 21. Term of patent. - The term of a patent shall begin on the date when the patent is issued as shown on the face thereof and shall expire seventeen years thereafter. However, a patent shall cease to be in force and effect of the patentee fails to pay the prescribed annual fees within the prescribed times hereinafter provided or if the patent is cancelled in accordance with the provisions of this Act.

¹²⁷ Rep. Act No. 8293 (1997), sec. 54 provides:

SECTION 54. Term of Patent. - The term of a patent shall be twenty (20) years from the filing date of the application.

MR. TAÑADA. But you have made the period of protection longer, Mr. Speaker.

MR. GONZALES. On the contrary, Mr. Speaker, when a similar question was previously propounded before, actually Mr. Speaker, it may decrease in fact the period of protection, Mr. Speaker. Because unlike before 17 years from grant, Mr. Speaker, now 20 years from application or from filing but actually, Mr. Speaker, it normally takes three to four years before a patent is actually granted even under the proposed measure. Because as you can see[,] publication in the BPTTT Gazette would even taken place after 18 months from filing. In other words, the procedure itself is such a manner that normally takes a period of about three years to finally grant the patent. So even if 20 years is given from the time of filing actually in essence it will be the same, Mr. Speaker, because under the existing law 17 years from grant. But even under our existing law from the time that a patent application is filed it also takes about three to four years, Mr. Speaker, to grant the same.

Now, why from filing, Mr. Speaker? Because the patent holder applicant is now required to publish in a manner easily understood by a person trained or with the same skill as that of a patent holder. And from that time this is published, this process covered by the patent is already made available. In fact, from the time that it is published, any interested person may even examine and go over the records as filed with the BPTTT and, therefore, this new technology or new invention is now made available to persons equipped or possessed with the same skills as that of the patent holder. And that is the reason why the patent is – the time of the patent is now tacked from the time it is filed because as a compromise it is now mandatory to publish the said patent together with its description – the description of the process and even would, at times demand the deposit of sample of the industrial design, Mr. Speaker.¹²⁸

Gonzales further clarified that the publication requirements of the Intellectual Property Code would necessarily shorten the period for confidentiality of patent applications:

MR. MONFORT. Now, another question is, (another is) you know, the time from the filing of the date up to publication which is the period of pendency or confidentiality, may I know how many years will it take, that confidentiality period, variability.

MR. GONZALES. Eighteen months, Mr. Speaker.

MR. MONFORT. How many?

MR. GONZALES. Eighteen months.

MR. MONFORT. I do not think it is 18 months.

MR. GONZALES. It is provided for in the law, Mr. Speaker, because prior to the publication, naturally, the records become confidential

¹²⁸ H. No. 08098, 10th Cong. (1996), March 18, 1997, pp. 272–274.

because the essence of a patent, trademark, or copyright is to give the author or the inventor exclusive right to work on his own invention. And that is his invention, and naturally, it is but right that he should have the exclusive right over his invention.

On the other hand, the law requires that after 18 months, it should now be published. When it is now published, naturally, it ceases to be confidential in character because it is now ready for examination. It is now ready for possible copying of any interested person because the application, as we have repeatedly said on the floor, would require the filing of a description of the invention that can be carried out by a person similarly trained in the arts and sciences as that of the patent holder.¹²⁹

Thus, the absolute secrecy required by the 1962 Revised Rules of Practice would not be applicable to a patent application before the Intellectual Property Office. Section 13 of the 1962 Revised Rules of Practice does not appear in the Intellectual Property Code,¹³⁰ in the Rules and Regulations on Inventions,¹³¹ or in the Revised Implementing Rules and Regulations for Patents, Utility Models and Industrial Design.¹³² The Intellectual Property Code now states that all patent applications must be published in the Intellectual Property Office Gazette and that *any interested party* may inspect all documents submitted to the Intellectual Property Office. The patent application is only confidential *before its publication*. Sections 44 and 45 of the Intellectual Property Code provide:

SECTION 44. Publication of Patent Application. —

44.1. The patent application shall be published in the IPO Gazette together with a search document established by or on behalf of the Office citing any documents that reflect prior art, after the expiration of eighteen (18) months from the filing date or priority date.

44.2. After publication of a patent application, any interested party may inspect the application documents filed with the Office.

44.3. The Director General, subject to the approval of the Secretary of Trade and Industry, may prohibit or restrict the publication of an application, if in his opinion, to do so would be prejudicial to the national security and interests of the Republic of the Philippines. (n)

SECTION 45. Confidentiality Before Publication. — A patent application, which has not yet been published, and all related documents, shall not be made available for inspection without the consent of the applicant.

It was inaccurate, therefore, for petitioner to argue that secrecy in patent applications prevents any intervention from interested parties. The confidentiality in patent applications under the Intellectual Property Code is

¹²⁹ H. No. 08098, 10th Cong. (1996), March 20, 1997, pp. 355–356.

¹³⁰ Rep. Act No. 8293 (1997).

¹³¹ Published December 29, 1998.

¹³² Published April 20, 2011.

not absolute since a party may already intervene after the publication of the application.

IV

An abandoned patent application may only be revived within four (4) months from the date of abandonment. No extension of this period is provided by the 1962 Revised Rules of Practice. Section 113 states:

113. *Revival of abandoned application.*—An application abandoned for failure to prosecute may be revived as a pending application if it is shown to the satisfaction of the Director that the delay was unavoidable. An abandoned application may be revived as a pending application within four months from the date of abandonment upon good cause shown and upon the payment of the required fee of ₱25. An application not revived within the specified period shall be deemed forfeited.

Petitioner argues that it was not negligent in the prosecution of its patent application¹³³ since it was Atty. Mapili or his heirs who failed to inform it of crucial developments with regard to its patent application.¹³⁴ It argues that as a client in a foreign country, it does not have immediate supervision over its local counsel so it should not be bound by its counsel's negligence.¹³⁵ In any case, it complied with all the requirements for the revival of an abandoned application under Rule 113 of the 1962 Revised Rules of Practice.¹³⁶

Respondents, on the other hand, argue that petitioner was inexcusably and grossly negligent in the prosecution of its patent application since it allowed eight (8) years to pass before asking for a status update on its application.¹³⁷ Respondent Intellectual Property Office argues that petitioner's inaction for eight (8) years constitutes actual abandonment.¹³⁸ It also points out that from the time petitioner submitted its new Special Power of Attorney on September 29, 1996, it took them another four (4) years to request a status update on its application.¹³⁹

Under Chapter VII, Section 111(a) of the 1962 Revised Rules of Practice, a patent application is deemed abandoned if the applicant fails to prosecute the application within four months from the date of the *mailing* of the notice of the last action by the Bureau of Patents, Trademarks, and

¹³³ *Rollo*, p. 557.

¹³⁴ *Id.* at 566.

¹³⁵ *Id.* at 567.

¹³⁶ *Id.* at 568–571.

¹³⁷ *Id.* at 506.

¹³⁸ *Id.* at 614.

¹³⁹ *Id.* at 615–616.



Technology Transfer, and not from applicant's actual notice. Section 111(a) states:

Chapter VII
TIME FOR RESPONSE BY APPLICANT; ABANDONMENT OF
APPLICATION

111. *Abandonment for failure to respond within the time limit.*—
(a) If an applicant fails to prosecute his application within four months after the date when the last official notice of action by the Office was mailed to him, or within such time as may be fixed (rule 112), the application will become abandoned.

According to the records of the Bureau of Patents, Trademarks, and Technology Transfer Chemical Examining Division, petitioner filed Philippine Patent Application No. 35526 on July 10, 1987. It was assigned to an examiner on June 7, 1988. An Office Action was mailed to petitioner's agent, Atty. Mapili, on July 19, 1988. Because petitioner failed to respond within the allowable period, the application was deemed abandoned on September 20, 1988.¹⁴⁰ Under Section 113, petitioner had until January 20, 1989 to file for a revival of the patent application. Its Petition for Revival, however, was filed on May 30, 2002,¹⁴¹ *13 years after the date of abandonment.*

Section 113 has since been superseded by Section 133.4 of the Intellectual Property Code, Rule 930 of the Rules and Regulations on Inventions, and Rule 929 of the Revised Implementing Rules and Regulations for Patents, Utility Models and Industrial Design. The period of four (4) months from the date of abandonment, however, remains unchanged. *The Intellectual Property Code even provides for a shorter period of three (3) months within which to file for revival:*

SECTION 133. Examination and Publication. —

....

133.4. An abandoned application may be revived as a pending application within three (3) months from the date of abandonment, upon good cause shown and the payment of the required fee.

Rule 930 of the Rules and Regulations on Inventions provides:

Rule 930. Revival of application. - An application deemed withdrawn for failure to prosecute may be revived as a pending application within a period of four (4) months from the mailing date of the notice of

¹⁴⁰ Id. at 403-408.

¹⁴¹ Id. at 409-414.

withdrawal if it is shown to the satisfaction of the Director that the failure was due to fraud, accident, mistake or excusable negligence.

A petition to revive an application deemed withdrawn must be accompanied by (1) a showing of the cause of the failure to prosecute, (2) a complete proposed response, and (3) the required fee.

An application not revived in accordance with this rule shall be deemed forfeited.

Rule 929 of the Revised Implementing Rules and Regulations for Patents, Utility Models and Industrial Design provides:

Rule 929. Revival of Application. – An application deemed withdrawn for failure to prosecute may be revived as a pending application within a period of four (4) months from the mailing date of the notice of withdrawal if it is shown to the satisfaction of the Director that the failure was due to fraud, accident, mistake, or excusable negligence.

A petition to revive an application deemed withdrawn shall be accompanied by:

- (a) A showing of a justifiable reason for the failure to prosecute;
- (b) A complete proposed response; and
- (c) Full payment of the required fee.

No revival shall be granted to an application that has been previously revived with cost.

An application not revived in accordance with this Rule shall be deemed forfeited.

Even if the delay was unavoidable, or the failure to prosecute was due to fraud, accident, mistake, or excusable negligence, or the Petition was accompanied by a complete proposed response, or all fees were paid, the Petition would still be denied since these regulations only provide a four (4)-month period within which to file for the revival of the application. *The rules do not provide any exception that could extend this four (4)-month period to 13 years.*

Petitioner's patent application, therefore, should not be revived since it was filed beyond the allowable period.

V

Even assuming that the four (4)-month period could be extended, petitioner was inexcusably negligent in the prosecution of its patent application.



Negligence is inexcusable if its commission could have been avoided through ordinary diligence and prudence.¹⁴² It is also settled that negligence of counsel binds the client as this “ensures against the resulting uncertainty and tentativeness of proceedings if clients were allowed to merely disown their counsels’ conduct.”¹⁴³

Petitioner’s resident agent, Atty. Mapili, was undoubtedly negligent in failing to respond to the Office Action sent by the Bureau of Patents, Trademarks, and Technology Transfer on June 19, 1988. Because of his negligence, petitioner’s patent application was declared abandoned. He was again negligent when he failed to revive the abandoned application within four (4) months from the date of abandonment.

Petitioner tries to disown Atty. Mapili’s conduct by arguing that it was not informed of the abandonment of its patent application or of Atty. Mapili’s death. *By its own evidence, however, petitioner requested a status update from Atty. Mapili only on July 18, 1995, eight (8) years after the filing of its application.*¹⁴⁴ *It alleged that it only found out about Atty. Mapili’s death sometime in March 1996, as a result of its senior patent attorney’s visit to the Philippines.*¹⁴⁵ Although it was in petitioner’s discretion as a foreign client to put its complete trust and confidence on its local resident agent, there was a correlative duty on its part to be diligent in keeping itself updated on the progress of its patent applications. Its failure to be informed of the abandonment of its patent application was caused by its own lack of prudence.

In *Bernardo v. Court of Appeals*,¹⁴⁶ “[n]o prudent party will leave the fate of his case entirely to his lawyer. . . . It is the duty of a party-litigant to be in contact with his counsel from time to time in order to be informed of the progress of his case.”¹⁴⁷

Even if Atty. Mapili’s death prevented petitioner from submitting a petition for revival on time, it was clearly negligent when it subsequently failed to immediately apprise itself of the status of its patent application.

Upon learning of Atty. Mapili’s death, petitioner issued a Power of Attorney and Appointment of Resident Agent in favor of Bito, Lozada,

¹⁴² *City of Dagupan v. Maramba*, 738 Phil. 71, 90 (2014) [Per J. Leonen, Third Division], *citing Madarang v. Spouses Morales*, G.R. No. 199283, June 9, 2014, 725 SCRA 480, 494 [Per J. Leonen, Third Division] and *Guevarra v. Bautista*, 593 Phil. 20, 26 (2008) [Per J. Nachura, Third Division].

¹⁴³ *Id. citing Spouses Que v. Court of Appeals*, 504 Phil. 616, 626 (2005) [Per J. Carpio, First Division] and *Insular Life Savings and Trust Company v. Runes, Jr.*, 479 Phil. 995, 1008 (2004) [Per J. Callejo, Sr., Second Division].

¹⁴⁴ *Rollo*, p. 380.

¹⁴⁵ *Id.* at 384.

¹⁴⁶ 341 Phil. 413 (1997) [Per J. Panganiban, Third Division].

¹⁴⁷ *Id.* at 429, *citing Fernandez v. Tam Tiong Tick*, 111 Phil. 773 (1961) [Per J. Barrera, En Banc] and *Florendo v. Florendo*, 137 Phil. 255 (1969) [Per J. Fernando, En Banc].

Ortega & Castillo on March 25, 1996.¹⁴⁸ Despite the immediate action in the substitution of its resident agent, it only requested a status update of Philippine Patent Application No. 35526 from the Intellectual Property Office on December 14, 2000,¹⁴⁹ or four (4) years after it learned of Atty. Mapili's death.

Petitioner attempts to explain that it took them four (4) years to request a status update because the Bureau of Patents, Trademarks, and Technology Transfer failed to take any action when it submitted its Power of Attorney and Appointment of Resident Agent in favor of Bito, Lozada, Ortega & Castillo.¹⁵⁰ The Power of Attorney, however, shows that it was only to inform the Bureau that all notices relating to its pending patent applications should be sent to it. Philippine Patent Application No. 35526 was declared abandoned on September 20, 1988. As far as the Bureau was concerned, it was a forfeited application that had already been archived. It was not the Bureau's duty to resurrect previous notices of forfeited and abandoned applications to be sent to new resident agents unless a specific status update was requested. Considering that petitioner only requested a status update on December 14, 2000, it was only then that the Intellectual Property Office would start sending notices to it.

Contrary to the posturing of petitioner, *Schuartz* is applicable.

In *Schuartz*, several foreign inventors seeking to file patent applications in the Philippines hired the law firm Siguion Reyna, Montecillo and Ongsiako to process their applications.¹⁵¹ The Bureau of Patents, Trademarks, and Technology Transfer mailed the law firm several notices of abandonment on its patent applications from June 1987 to September 1987. The law firm only found out about this in December 1987, after it dismissed two (2) of its employees in charge of handling correspondences from the Bureau.¹⁵² The law firm filed petitions for revival of its patent applications from March 1988, all of which were denied by the Director of the Bureau of Patents for being filed out of time.¹⁵³ An appeal was subsequently filed before the Court of Appeals but was dismissed for being filed beyond the reglementary period.¹⁵⁴

This Court found that although the Court of Appeals may have erred in counting the period for appeal, it could not grant the Petition. This Court stated:

¹⁴⁸ *Rollo*, pp. 398–399.

¹⁴⁹ *Id.* at 401–402.

¹⁵⁰ *Id.* at 563.

¹⁵¹ *Schuartz v. Court of Appeals*, 390 Phil. 819, 821 (2000) [Per J. Pardo, First Division].

¹⁵² *Id.* at 822–823.

¹⁵³ *Id.* at 824.

¹⁵⁴ *Id.*

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[P]etitioners lost sight of the fact that the petition could not be granted because of laches. *Prior to the filing of the petition for revival of the patent application with the Bureau of Patents, an unreasonable period of time had lapsed due to the negligence of petitioners' counsel. By such inaction, petitioners were deemed to have forfeited their right to revive their applications for patent.*

Facts show that the patent attorneys appointed to follow up the applications for patent registration had been negligent in complying with the rules of practice prescribed by the Bureau of Patents. The firm had been notified about the abandonment as early as June 1987, but it was only after December 7, 1987, when their employees Bangkas and Rosas had been dismissed, that they came to know about it. This clearly showed that petitioners' counsel had been remiss in the handling of their clients' applications.

“A lawyer's fidelity to the cause of his client requires him to be ever mindful of the responsibilities that should be expected of him. A lawyer shall not neglect a legal matter entrusted to him.” In the instant case, petitioners' patent attorneys not only failed to take notice of the notices of abandonment, but they failed to revive the application within the four-month period, as provided in the rules of practice in patent cases. These applications are deemed forfeited upon the lapse of such period.¹⁵⁵ (Emphasis supplied)

Petitioner attempts to distinguish itself from *Schuartz* by arguing that the petitioners in *Schuartz* had actual notice of abandonment while petitioner here was only able to have actual notice when it received Paper No. 2.

The four (4)-month period in Section 111¹⁵⁶ of the 1962 Revised Rules of Practice, however, is not counted from *actual* notice of abandonment but from *mailing* of the notice. Since it appears from the Intellectual Property Office's records that a notice of abandonment was mailed to petitioner's resident agent on July 19, 1988,¹⁵⁷ the time for taking action is counted from this period. Petitioner's patent application cannot be revived simply because the period for revival has already lapsed and no extension of this period is provided for by the 1962 Revised Rules of Practice.

¹⁵⁵ Id. at 825–826, citing *Government Service Insurance System v. Court of Appeals*, 350 Phil. 654, 662 (1996) [Per J. Romero, Third Division]; *Sumbad v. Court of Appeals*, 368 Phil. 52, 75–76 (1999) [Per J. Mendoza, Second Division]; *Villafuerte v. Cortez*, 351 Phil. 915, 919–920 (1998) [Per J. Vitug, First Division]; and 1962 Revised Rules of Practice in Patent Cases, secs. 111 and 113.

¹⁵⁶ 1962 Revised Rules of Practice in Patent Cases, sec. 111 provides:
111. *Abandonment for failure to respond within time limit.*—(a) If an applicant fails to prosecute his application *within four months after the date when the last official notice of any action by the Office was mailed to him*, or within such time as may be fixed (rule 112), the application will become abandoned. (Emphasis supplied)

¹⁵⁷ *Rollo*, p. 403.

VI

The right of priority given to a patent applicant is only relevant when there are two or more conflicting patent applications on the same invention. Because a right of priority does not automatically grant letters patent to an applicant, possession of a right of priority does not confer any property rights on the applicant in the absence of an actual patent.

Petitioner argues that its patent application was filed on July 10, 1987, within 12 months from the prior filing of a U.S. patent application on July 11, 1986.¹⁵⁸ It argues that it is protected from becoming part of the public domain because of convention priority under the Paris Convention for the Protection of Industrial Property and Section 9 of Republic Act No. 165.¹⁵⁹

Respondent Therapharma, Inc., on the other hand, argues that a mere patent application does not vest any right in the applicant before the issuance of the patent.¹⁶⁰ It argues that the “priority date” argued by petitioner is only relevant in determining who has a better right to the patent among the other applicants who subsequently apply for the same invention.¹⁶¹

Under Section 31 of the Intellectual Property Code, a right of priority is given to any patent applicant who has previously applied for a patent in a country that grants the same privilege to Filipinos. Section 31 states:

SECTION 31. Right of Priority. — An application for patent filed by any person who has previously applied for the same invention in another country which by treaty, convention, or law affords similar privileges to Filipino citizens, shall be considered as filed as of the date of filing the foreign application: Provided, That:

- a. the local application expressly claims priority;
- b. it is filed within twelve (12) months from the date the earliest foreign application was filed; and
- c. a certified copy of the foreign application together with an English translation is filed within six (6) months from the date of filing in the Philippines.

A patent applicant with the right of priority is given preference in the grant of a patent when there are two or more applicants for the same invention. Section 29 of the Intellectual Property Code provides:

SECTION 29. First to File Rule. — If two (2) or more persons have made the invention separately and independently of each other, the right to the

¹⁵⁸ Id. at 575–576.

¹⁵⁹ Id.

¹⁶⁰ Id. at 511.

¹⁶¹ Id.

patent shall belong to the person who filed an application for such invention, or where two or more applications are filed for the same invention, to the applicant who has the earliest filing date or, the earliest priority date.

Since both the United States¹⁶² and the Philippines¹⁶³ are signatories to the Paris Convention for the Protection of Industrial Property, an applicant who has filed a patent application in the United States may have a right of priority over the same invention in a patent application in the Philippines.¹⁶⁴ However, this right of priority does not immediately entitle a patent applicant the grant of a patent. A right of priority is not equivalent to a patent. Otherwise, a patent holder of any member-state of the Paris Convention need not apply for patents in other countries where it wishes to exercise its patent.

It was, therefore, inaccurate for petitioner to argue that its prior patent application in the United States removed the invention from the public domain in the Philippines. This argument is only relevant if respondent Therapharma, Inc. had a conflicting patent application with the Intellectual Property Office. A right of priority has no bearing in a case for revival of an abandoned patent application.

VII

The grant of a patent is to provide protection to any inventor from any patent infringement.¹⁶⁵ Once an invention is disclosed to the public, only the patent holder has the exclusive right to manufacture, utilize, and market the invention.¹⁶⁶ In *Creser Precision Systems v. Court of Appeals*:¹⁶⁷

Under American jurisprudence, an inventor has no common-law right to a monopoly of his invention. He has the right to make, use and vend his

¹⁶² World Intellectual Property Organization, *WIPO-Administered Treaties, Paris Convention - Total Contracting Parties* <http://www.wipo.int/treaties/en/ShowResults.jsp?treaty_id=2> (visited August 30, 2016). Accession on March 18, 1887. Treaty was in force from May 20, 1887.

¹⁶³ World Intellectual Property Organization, *WIPO-Administered Treaties, Paris Convention - Total Contracting Parties* <http://www.wipo.int/treaties/en/ShowResults.jsp?treaty_id=2> (visited August 30, 2016). Accession on August 12, 1965. Treaty was in force from September 27, 1965.

¹⁶⁴ Paris Convention for the Protection of Industrial Property (1883), art. 4(A)(1) provides:
A. (1) Any person who has duly filed an application for a patent, or for the registration of a utility model, or of an industrial design, or of a trademark, in one of the countries of the Union, or his successor in title, shall enjoy, for the purpose of filing in the other countries, a right of priority during the periods hereinafter fixed.

(2) Any filing that is equivalent to a regular national filing under the domestic legislation of any country of the Union or under bilateral or multilateral treaties concluded between countries of the Union shall be recognized as giving rise to the right of priority.

(3) By a regular national filing is meant any filing that is adequate to establish the date on which the application was filed in the country concerned, whatever may be the subsequent fate of the application.

¹⁶⁵ *Creser Precision Systems, Inc. v. Court of Appeals*, 349 Phil. 687, 695 (1998) [Per J. Martinez, Second Division].

¹⁶⁶ *Id.*

¹⁶⁷ 349 Phil. 687 (1998) [Per J. Martinez, Second Division].

own invention, but if he voluntarily discloses it, such as by offering it for sale, the world is free to copy and use it with impunity. A patent, however, gives the inventor the right to exclude all others. As a patentee, he has the exclusive right of making, using or selling the invention.¹⁶⁸

Under the Intellectual Property Code, a patent holder has the right to “to restrain, prohibit and prevent”¹⁶⁹ any unauthorized person or entity from manufacturing, selling, or importing any product derived from the patent. However, after a patent is granted and published in the Intellectual Property Office Gazette,¹⁷⁰ any interested third party “may inspect the complete description, claims, and drawings of the patent.”¹⁷¹

The grant of a patent provides protection to the patent holder from the indiscriminate use of the invention. However, its mandatory publication also has the correlative effect of bringing new ideas into the public consciousness. After the publication of the patent, any person may examine the invention and develop it into something further than what the original patent holder may have envisioned. After the lapse of 20 years,¹⁷² the invention becomes part of the public domain and is free for the public to use. In *Pearl and Dean v. Shoemart, Inc.*:¹⁷³

To be able to effectively and legally preclude others from copying and profiting from the invention, a patent is a primordial requirement. No patent, no protection. *The ultimate goal of a patent system is to bring new designs and technologies into the public domain through disclosure. Ideas, once disclosed to the public without the protection of a valid patent, are subject to appropriation without significant restraint.*

On one side of the coin is the public which will benefit from new ideas; on the other are the inventors who must be protected. As held in *Bauer & Cie vs. O'Donnell*, “The act secured to the inventor the exclusive right to make use, and vend the thing patented, and consequently to prevent others from exercising like privileges without the consent of the patentee. It was passed for the purpose of encouraging useful invention and promoting new and useful inventions by the protection and stimulation new and useful inventions by the protection and stimulation given to inventive genius, and was intended to secure to the public, after the lapse of the exclusive privileges granted the benefit of such inventions and improvements.”

The law attempts to strike an ideal balance between the two interests:

“(The p)atent system thus embodies a carefully crafted bargain for encouraging the creation and disclosure

¹⁶⁸ Id. at 696, citing *Bauer and Cie v. O'Donnell*, 229 US 1, 57 L. Ed. 38 Sct. 616.

¹⁶⁹ Rep. Act No. 8293 (1997), sec. 71.

¹⁷⁰ Rep. Act No. 8293 (1997), sec. 52.1.

¹⁷¹ Rep. Act No. 8293 (1997), sec. 52.2.

¹⁷² Rep. Act No. 8293 (1997), sec. 54.

¹⁷³ 456 Phil. 474 (2003) [Per J. Corona, Third Division].

of new useful and non-obvious advances in technology and design, in return for the exclusive right to practice the invention for a number of years. The inventor may keep his invention secret and reap its fruits indefinitely. In consideration of its disclosure and the consequent benefit to the community, the patent is granted. An exclusive enjoyment is guaranteed him for 17 years, but upon the expiration of that period, the knowledge of the invention inures to the people, who are thus enabled to practice it and profit by its use.”

The patent law has a three-fold purpose: “first, patent law seeks to foster and reward invention; second, it promotes disclosures of inventions to stimulate further innovation and to permit the public to practice the invention once the patent expires; third, the stringent requirements for patent protection seek to ensure that ideas in the public domain remain there for the free use of the public.”

It is only after an exhaustive examination by the patent office that a patent is issued. Such an in-depth investigation is required because “in rewarding a useful invention, the rights and welfare of the community must be fairly dealt with and effectively guarded. *To that end, the prerequisites to obtaining a patent are strictly observed and when a patent is issued, the limitations on its exercise are equally strictly enforced.* To begin with, a genuine invention or discovery must be demonstrated lest in the constant demand for new appliances, the heavy hand of tribute be laid on each slight technological advance in art.”¹⁷⁴ (Emphasis supplied)

In addition, a patent holder of inventions relating to food or medicine does not enjoy absolute monopoly over the patent. Both Republic Act No. 165 and the Intellectual Property Code provide for compulsory licensing. Compulsory licensing is defined in the Intellectual Property Code as the “grant a license to exploit a patented invention, even without the agreement of the patent owner.”¹⁷⁵

Under Republic Act No. 165, a compulsory license may be granted to any applicant three (3) years after the grant of a patent if the invention relates to food or medicine necessary for public health or safety.¹⁷⁶ In *Smith Kline & French Laboratories, Ltd. vs. Court of Appeals*:¹⁷⁷

Section 34 of R.A. No. 165, even if the Act was enacted prior to the Philippines' adherence to the [Paris] Convention, fits well within the aforequoted provisions of Article 5 of the Paris Convention. In the

¹⁷⁴ Id. at 491–492, citing *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 US 141 [1989]; *U.S. v. Dubilier Condenser Corp.*, 289 U.S. 178; *Aronson v. Quick Point Pencil Co.*, 440 U.S. 257, 262 (1979); *Kewanee Oil Co. v. Bicron Corp.*, 416 U.S. 470 (1994); Amador, Patents, p. 496; and *Sears Roebuck v. Stiffel*, 376 US 225, 229 (1964).

¹⁷⁵ Rep. Act No. 8293 (1997), sec. 93.

¹⁷⁶ Rep. Act No. 165 (1947), sec. 34. In the present Intellectual Property Code, as amended by Rep. Act No. 9502, the law allows the grant of a special compulsory license under the TRIPS Agreement for the importation of patented drugs and medicines “to ensure access to quality affordable medicines.”

¹⁷⁷ 342 Phil. 187 (1997) [Per J. Davide, Jr., Third Division].

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explanatory note of Bill No. 1156 which eventually became R.A. No. 165, the legislative intent in the grant of a compulsory license was not only to afford others an opportunity to provide the public with the quantity of the patented product, but also to prevent the growth of monopolies. Certainly, the growth of monopolies was among the abuses which Section A, Article 5 of the Convention foresaw, and which our Congress likewise wished to prevent in enacting R.A. No. 165.¹⁷⁸

The patent holder's proprietary right over the patent only lasts for three (3) years from the grant of the patent, after which any person may be allowed to manufacture, use, or sell the invention subject to the payment of royalties:

The right to exclude others from the manufacturing, using, or vending an invention relating to food or medicine should be conditioned to allowing any person to manufacture, use, or vend the same after a period of three years from the date of the grant of the letters patent. After all, the patentee is not entirely deprived of any proprietary right. In fact, he has been given the period of three years of complete monopoly over the patent. Compulsory licensing of a patent on food or medicine without regard to the other conditions imposed in Section 34 is not an undue deprivation of proprietary interests over a patent right because the law sees to it that even after three years of complete monopoly something is awarded to the inventor in the form of a bilateral and workable licensing agreement and a reasonable royalty to be agreed upon by the parties and in default of such agreement, the Director of Patent may fix the terms and conditions of the license.¹⁷⁹

A patent is a monopoly granted only for specific purposes and objectives. Thus, its procedures must be complied with to attain its social objective. Any request for leniency in its procedures should be taken in this context. Petitioner, however, has failed to convince this court that the revival of its patent application would have a significant impact on the pharmaceutical industry.

Hypertension, or high blood pressure, is considered a "major risk factor for cardiovascular disease"¹⁸⁰ such as "heart disease, stroke, kidney failure and blindness."¹⁸¹ In a study conducted by the World Health Organization, 25% of adults aged 21 years and older in the Philippines suffer

¹⁷⁸ Id. at 201, citing Congressional Record, House of Representatives, May 12, 1957, 998.

¹⁷⁹ *Parke, Davis & Co. v. Doctor's Pharmaceutical, Inc.*, 122 Phil. 392, 402-403 (1965) [Per J. Bautista Angelo, En Banc].

¹⁸⁰ World Health Organization, *Focus of High Blood Pressure*, February 2014, World Health Organization Western Pacific Region <http://www.wpro.who.int/philippines/typhoon_haiyan/media/Hypertension.pdf?ua=1> (visited August 30, 2016).

¹⁸¹ World Health Organization, *Focus of High Blood Pressure*, February 2014, World Health Organization Western Pacific Region <http://www.wpro.who.int/philippines/typhoon_haiyan/media/Hypertension.pdf?ua=1> (visited August 30, 2016).

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from high blood pressure.¹⁸² According to the Department of Health, heart disease remains the leading cause of mortality in the Philippines.¹⁸³ Angiotensin II Receptor Blocking Imidazole or “losartan” is one of the medications used for the treatment of hypertension.¹⁸⁴

In a study conducted by the Philippine Institute for Development Studies, “affordability of drugs remains a serious problem”¹⁸⁵ in the Philippines. It found that because of the cost of drugs, accessibility to drugs become prohibitive for the lowest-earning households and are “even more prohibitive for the unemployed and indigent.”¹⁸⁶ Several measures have been enacted by the government to address the high costs of medicine, among them, parallel drug importation¹⁸⁷ and the passage of Republic Act No. 9502, otherwise known as the Universally Accessible Cheaper and Quality Medicines Act of 2008.¹⁸⁸ Figures submitted by respondent Therapharma, Inc., however, also show that the presence of competition in the local pharmaceutical market may ensure the public access to cheaper medicines.

According to respondent Therapharma, Inc., the retail price of petitioner’s losartan product, Cozaar, decreased within one (1) month of respondent Therapharma, Inc.’s entry into the market:¹⁸⁹

BRAND	TRADER	RETAIL PRICE As of Lifezar’s first entry into the market on June 4, 2004	RETAIL PRICE Within one month from Lifezar’s entry or by July 4, 2004
LIFEZAR	Therapharma	50 mg – ₱20.20	50 mg – ₱20.20
COZAAR	Merck	50 mg – ₱39.50 100 mg – ₱55.00	50 mg – ₱39.50 100 – ₱44.00

¹⁸² World Health Organization, *Focus of High Blood Pressure*, February 2014, World Health Organization Western Pacific Region
<http://www.wpro.who.int/philippines/typhoon_haiyan/media/Hypertension.pdf?ua=1> (visited August 30, 2016).

¹⁸³ *Leading Causes of Mortality, 5-Year Average (2004-2008) & 2009*, Department of Health
<<http://portal.doh.gov.ph/node/198.html>> (visited August 30, 2016).

¹⁸⁴ *Rollo*, p. 14. Other medications are Atenolol and Captopril. See Oscar F. Picazo, *Review of Cheaper Medicines Program in the Philippines*, Discussion Paper Series No. 2012-13, Philippine Institute of Development Studies <<http://dirp4.pids.gov.ph/ris/dps/pidsdps1213.pdf>> (visited August 30, 2016).

¹⁸⁵ Oscar F. Picazo, *Review of Cheaper Medicines Program in the Philippines*, Discussion Paper Series No. 2012-13, Philippine Institute of Development Studies,
<<http://dirp4.pids.gov.ph/ris/dps/pidsdps1213.pdf>> (visited August 30, 2016).

¹⁸⁶ Oscar F. Picazo, *Review of Cheaper Medicines Program in the Philippines*, Discussion Paper Series No. 2012-13, Philippine Institute of Development Studies,
<<http://dirp4.pids.gov.ph/ris/dps/pidsdps1213.pdf>> (visited August 30, 2016).

¹⁸⁷ See About NCPAM, National Center for Pharmaceutical Access and Management, Department of Health <<http://www.ncpam.doh.gov.ph/index.php/about-ncpam/ncpam-history>> (visited August 30, 2016).

¹⁸⁸ An Act Providing for Cheaper and Quality Medicines, Amending for the Purpose Republic Act No. 8293 or the Intellectual Property Code, Republic Act No. 6675 or the Generics Act of 1988, and Republic Act No. 5921 or the Pharmacy Law, and for Other Purposes (2008).

¹⁸⁹ *Rollo*, p. 478.


Respondent Therapharma, Inc. also presented figures showing that there was a 44% increase in the number of losartan units sold within five (5) months of its entry into the market.¹⁹⁰ More Filipinos are able to purchase losartan products when there are two (2) different players providing competitive prices in the market.

Lifezar, and another of respondent Therapharma, Inc.'s products, Combizar, have also been recommended as cheaper alternative losartan medication, since they were priced "50 percent less than foreign brands."¹⁹¹


Public interest will be prejudiced if, despite petitioner's inexcusable negligence, its Petition for Revival is granted. Even without a pending patent application and the absence of any exception to extend the period for revival, petitioner was already threatening to pursue legal action against respondent Therapharma, Inc. if it continued to develop and market its losartan product, Lifezar.¹⁹² Once petitioner is granted a patent for its losartan products, Cozaar and Hyzaar, the loss of competition in the market for losartan products may result in higher prices. For the protection of public interest, Philippine Patent Application No. 35526 should be considered a forfeited patent application.

WHEREFORE, the Petition is **DENIED**. The Resolution dated January 31, 2006 and the Amended Decision dated August 30, 2006 of the Court of Appeals are **AFFIRMED**.

SO ORDERED.


MARVIC M.V.F. LEONEN
Associate Justice

WE CONCUR:


PRESBITERO J. VELASCO, JR.
Associate Justice


¹⁹⁰ Id. at 479.

¹⁹¹ Willie T. Ong, M.D., *I found Cheaper and Safer Drugs*, August 21, 2007, Philippine Star, <<http://www.philstar.com/health-and-family/14356/i-found-cheaper-and-safer-drugs>> (visited August 30, 2016).

Also published in Philippine Council for Health Research and Development Website of the Department of Science and Technology, <<http://www.pchrd.dost.gov.ph/index.php/2012-05-23-07-46-36/2012-05-24-00-03-06/302-common-hand-problems>> (visited August 30, 2016).

¹⁹² *Rollo*, pp. 240–241.


On leave
ARTURO D. BRION
Associate Justice


MARIANO C. DEL CASTILLO
Associate Justice
Acting Chairperson


JOSE CATRAL MENDOZA
Associate Justice


ATTESTATION

I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.


MARIANO C. DEL CASTILLO
Associate Justice
Acting Chairperson, Second Division

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution and the Division Acting Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.


MARIA LOURDES P. A. SERENO
Chief Justice