PHILIPPINES
APAA ANTI-COUNTERFEITING COMMITTEE REPORT
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In Brief

Under the Philippine Intellectual Property Code ("IP Code"), product shapes and configurations, including packaging designs, shapes and configurations may be protected as a **registered** trademark, industrial design, and/or as copyrighted material (see discussion in Part I).

Unregistered product shapes and configurations, including packaging designs, shapes and configurations may still be protected under the IP Code through its provisions on unfair competition (see discussion in Part II).

I. IP Protection

Trademarks

Under Section 121 of the IP Code, any visible sign capable of distinguishing the goods (trademark) or services (service mark) of an enterprise, which shall include **stamped or marked container of goods**, may be registered as a trademark.

A trademark may not be registered if it falls under any of the grounds in Section 123 of the IP Code, such as immoral marks, generic marks, descriptive marks, geographic marks, customary marks, shape marks, color marks, marks that are identical/confusingly similar with marks with an earlier filing/priority date, or marks that are identical/confusingly similar with well-known marks.[1]

[1] Section 123 of the IP Code states that a mark cannot be registered if it:

(a) Consists of immoral, deceptive or scandalous matter, or matter which may disparage or falsely suggest a connection with persons, living or dead, institutions, beliefs, or national symbols, or bring them into contempt or disrepute;
(b) Consists of the flag or coat of arms or other insignia of the Philippines or any of its political subdivisions, or of any foreign nation, or any simulation thereof;
(c) Consists of a name, portrait or signature identifying a particular living individual except by his written consent, or the name, signature, or portrait of a deceased President of the Philippines, during the life of his widow, if any, except by written consent of the widow;
(d) Is identical with a registered mark belonging to a different proprietor or a mark with an earlier filing or priority date, in respect of:
(i) The same goods or services, or
(ii) Closely related goods or services, or
(iii) If it nearly resembles such a mark as to be likely to deceive or cause confusion;
(e) Is identical with, or confusingly similar to, or constitutes a translation of a mark which is considered by the competent authority of the Philippines to be well-known internationally and in the Philippines, whether or not it is registered here, as being already the mark of a person other than the applicant for registration, and used for identical or similar goods or services: Provided, That in determining whether a mark is well-known, account shall be taken of the knowledge of the relevant sector of the public, rather than of the public at large, including knowledge in the Philippines which has been obtained as a result of the promotion of the mark;

Trademark rights shall be acquired through registration made validly in accordance with the provisions of the IP Code (Section 122, IP Code). The owner of a registered mark has the exclusive right to prevent all third parties not having the owner's consent from using in the course of trade identical or similar signs or containers for goods or services which are identical or similar to those in respect of which the trademark is registered where such use would result in a likelihood of confusion (Section 147.1, IP Code).

A certificate of registration of a mark shall be prima facie evidence of the validity of the registration, the registrant's ownership of the mark, and of the registrant's exclusive right to use the same in connection with the goods or services and those that are related thereto specified in the certificate. (Section 138, IP Code)

Industrial Design

Under Section 112 of the IP Code, an industrial design is "any composition of lines or colors or any three-dimensional form, whether or not associated with lines or colors: Provided, That such composition or form gives a special appearance to and can serve as pattern for an industrial product or handicraft".

Rule 1500 of the Revised Implementing Rules and Regulations for Patents, Utility Models and Industrial Designs of 2022 or IPOPHL Memorandum Circular No. 2022-016 ("IRR") provides that an industrial design "includes the appearance of the whole or a part of a product resulting from the features of, in particular, the lines, contours, colors, shape, texture and/or materials of the product itself and/or its ornamentation."

Industrial designs are protected as long as they are **new or original.** An industrial design shall not be considered new if it is substantially similar to prior designs whereby their resemblance can be mistaken for such prior designs by an ordinary observer. The design must also be ornamental.

(f) Is identical with, or confusingly similar to, or constitutes a translation of a mark considered well-known in accordance with the preceding paragraph, which is registered in the Philippines with respect to goods or services which are not similar to those with respect to which registration is applied for: Provided, That use of the mark in relation to those goods or services would indicate a connection between those goods or services, and the owner of the registered mark: Provided further, That the interests of the owner of the registered mark are likely to be damaged by such use;
(g) Is likely to mislead the public, particularly as to the nature, quality, characteristics or geographical origin of the goods or services;
(h) Consists exclusively of signs that are generic for the goods or services that they seek to identify;
(i) Consists exclusively of signs or of indications that have become customary or usual to designate the goods or services in everyday language or in bona fide and established trade practice;
(j) Consists exclusively of signs or of indications that may serve in trade to designate the kind, quality, quantity, intended purpose, value, geographical origin, time or production of the goods or rendering of the services, or other characteristics of the goods or services;
(k) Consists of shapes that may be necessitated by technical factors or by the nature of the goods themselves or factors that affect their intrinsic value;
(l) Consists of color alone, unless defined by a given form; or
(m) Is contrary to public order or morality.

Rule 1511 of the IRR requires the Intellectual Property Office ("IPO") to adopt an expeditious registration process for industrial design applications. Pursuant to this mandate, industrial design applications are registered without substantive examination provided all required fees are paid and all formal requirements are complied with.

In any event, the holder of an industrial design shall have the same rights and remedies of a patent holder including the right to restrain, prohibit and prevent any unauthorized person or entity from making, using, offering for sale, selling, or importing the product subject of the industrial design:

> "Section 71. *Rights Conferred by Patent.* - 71.1. A patent shall confer on its owner the following exclusive rights:
>
> (a) Where the subject matter of a patent is a product, **to restrain, prohibit and prevent any unauthorized person or entity from making, using, offering for sale, selling or importing that product**; x x x" [Emphasis supplied]

Copyright

Sections 172.1 and 172.2 of the IP Code provide that original literary and artistic works, including original ornamental designs or models for articles of manufacture, whether or not registrable as an industrial design, and other works of applied art, are protected from the moment of their creation by the sole fact of their creation:

> **"Section 172.** *Literary and Artistic Works.* - 172.1. Literary and artistic works, hereinafter referred to as "works", are original intellectual creations in the literary and artistic domain protected from the moment of their creation and shall include in particular:

x x x

(h) **Original ornamental designs or models for articles of manufacture, <u>whether or not registrable as an industrial design, and other works of applied art</u>**;" [Emphasis and underscore supplied]

Section 177 of the IP Code enumerates the exclusive rights of a copyright holder, which includes the right to prevent third persons from unauthorized reproduction and imitation:

> **"Section 177.** *Copyright or Economic Rights.* - Subject to the provisions of Chapter VIII, copyright or economic rights shall consist of the exclusive right to carry out, authorize or prevent the following acts:
>
> 177.1. Reproduction of the work or substantial portion of the work; x x x"

Product shapes and configurations, including packaging designs, shapes and configurations are protected as copyrighted works from the moment of their creation, provided they are original (see exclusion under Section 172, if registrable as industrial design). It must be clarified that the designs of the packaging, including its labels, which includes both the combination of the colors, font, and drawings on the packaging, may be protected separately.

In ***Olaño v. Lim Eng Co***, G.R. No. 195835 (14 March 2016) (the "***Olaño Case***"), the Philippine Supreme Court held that "[t]he only instance when a useful article may be the subject of copyright protection is when it incorporates a design element that is physically or conceptually separable from the underlying product. Thus, while a product packaging alone may be purely utilitarian, the added design elements, including its colors are copyrightable.

Copyright protection over packaging designs provides exclusive right to carry out the reproduction of such packaging and also prevent others from exercising such exclusive right.

II. Remedies

With registered IP

Trademark Infringement

The IP Code grants the owner of a registered mark the exclusive right to prevent all unauthorized third parties from using a mark which is identical or similar to its register mark if such use would result in likelihood of confusion.

In enforcing its right to prevent unauthorized use of an identical or similar mark, the owner of a registered mark may initiate an action for trademark infringement.

Section 155 of the IP Code provides that the use in commerce of a reproduction, counterfeit or copy of a registered mark, or a dominant feature thereof, by another person without the consent

of the registered owner of said mark constitutes trademark infringement when such use is likely to cause confusion:

> "Sec. 155. *Remedies; Infringement*. - Any person who shall, without the consent of the owner of the registered mark:
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> 155.1. Use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark or the same container or a dominant feature thereof in connection with the sale, offering for sale, distribution, advertising of any goods or services including other preparatory steps necessary to carry out the sale of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; or
>
> 155.2. Reproduce, counterfeit, copy or colorably imitate a registered mark or a dominant feature thereof and apply such reproduction, counterfeit, copy or colorable imitation to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used in commerce upon or in connection with the sale, offering for sale, distribution, or advertising of goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive, shall be liable in a civil action for infringement by the registrant for the remedies hereinafter set forth: Provided, That the infringement takes place at the moment any of the acts stated in Subsection 155.1 or this subsection are committed regardless of whether there is actual sale of goods or services using the infringing material."

In the case of ***Victorio P. Diaz v. People of the Philippines and Levi Strauss [PHILS.], Inc.*, G.R. No. 180677 (18 February 2013)**, the Supreme Court enumerated the elements of trademark infringement, to wit:

> "The elements of the offense of trademark infringement under the *Intellectual Property Code* are, therefore, the following:
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> 1. The trademark being infringed is **registered** in the Intellectual Property Office;
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> 2. The trademark is **reproduced, counterfeited, copied, or colorably imitated** by the infringer;
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> 3. The infringing mark is **used in connection with the sale, offering for sale, or advertising of any goods, business or services**; or the infringing mark is applied to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used or in connection with such goods, business or services;
>
> 4. The use or application of the infringing mark is **likely to cause confusion or mistake or to deceive purchasers** or others as to the goods or

services themselves or as to the source or origin of such goods or services or the identity of such business; and

5. The use or application of the infringing mark is **without the consent of the trademark owner** or the assignee thereof."

Copyright Infringement

At the outset, it must be emphasized that the rights in a trademark are distinct and separate from the copyright over a particular design or stylization embodied in a trademark.[2] Hence, in addition to the trademark rights, a registrant may likewise own copyright over the designs and stylization embodied in its marks, including the over-all designs of its product's packaging.

In ***Columbia Pictures, Inc. v. Court of Appeals***, G.R. No. 110318 (28 August 1996), the Supreme Court held that under the present state of the law, the copyright for a work is acquired by an intellectual creator from the moment of creation even in the absence of registration and deposit. In fact, registration of the work is not required to fully recover in an infringement suit.[3]

It was further held in ***Olaño v. Lim Eng Co***, G.R. No. 195835 (14 March 2016) that **any person who shall use original or artistic works without the copyright owner's consent in such a manner as to violate the foregoing copyright and economic rights commits copyright infringement.**

For a claim of copyright infringement to prevail, the Supreme Court in ***Olaño v. Lim Eng Co***, *supra*, instructs that the evidence on record must demonstrate:

(1) ownership of a validly copyrighted material by the complainant; and
(2) infringement of the copyright by the respondent.[4]

Industrial Design Infringement

Rule 1503 of the IRR provides a guide on how similar designs are determined. It states that an "industrial design shall not be considered new if it is substantially similar to prior designs whereby **their resemblance can be mistaken for such prior designs by an ordinary observer**". While Rule 1503 is used for determining novelty, the standard it set is instructive with respect to determining similarity for purposes of infringement.

In a *Decision* issued by the IPO in ***Panasonic Electric Works Co., Ltd. V. Akari Lighting and Technology Corporation*****,** IPO Decision No. 2015-08 (12 May 2015) (the "***Panasonic Case***"), it adopted the landmark US Supreme Court case of *Gorham v. Company vs. White* and declared

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2 ***Cymar International, Inc. v. Farling Industrial Co., Ltd.***, G.R. Nos. 177974, 206121, 219072 & 228802 (17 August 2022).

3 ***Republic v. Heirs of Tupaz IV***, G.R. No. 197335 (07 September 2020).

4 ***Olaño v. Lim Eng Co***, G.R. No. 195835 (14 March 2016).

that in determining infringement of design, what is important is the identity of appearance or sameness of effect upon the eye:

> "Plainly it must be the sameness of appearance, and mere difference of lines in the drawing, sketch, a greater or smaller number of lines, or slight variances in configuration, if sufficient to chance the effect upon the eye, will not destroy the substantial identity."

While not binding precedent unless confirmed by the Philippine Supreme Court, the ***Panasonic Case*** along with Rule 1503 of the IRR are instructive on how the IPO determines whether there is infringement of a registered industrial design.

Without registered IP

Unfair Competition

Under Section 168.1 of the IP Code, a person who has identified in the mind of the public the goods he manufactures or deals with has a property right in the goodwill of the said goods, which is entitled to protection. In this regard, Section 168.2 of the IP Code states that any person who employs deception or other means contrary to good faith to pass off his goods with those having established such goodwill shall be guilty of unfair competition.

Pertinently, in ***Kho v. Summerville General Merchandising & Co., Inc.,*** G.R. No. 213400 (04 August 2021), the Philippine Supreme Court stated the elements for an action of unfair competition: (1) **confusing similarity** in the general appearance of the goods; and (2) **intent to deceive the public** and defraud the competitor.

Further, in ***Skechers, U.S.A., Inc. v. Inter Pacific Industrial Trading Corp.,*** G.R. No. 164321 (23 March 2011), the Supreme Court elucidated that, in a case for unfair competition, "even if not all the details are identical, as long as the general appearance of the two products are such that any ordinary purchaser would be deceived, the imitator should be liable".

In ***San Miguel Pure Foods Company, Inc. v. Foodsphere, Inc.,*** G.R. No. 217781 (2018), the Supreme Court stated that the "true test" of unfair competition is "whether the acts of the defendant have the intent of deceiving or are **calculated to deceive the ordinary buyer making his purchases under the ordinary conditions of the particular trade** to which the controversy relates."

e-Commerce IP Policy platform

Nowadays, most IP infringement is committed online. Increased e-commerce has also paved the way for a thriving avenue for IP infringement.

The Philippine IPO, however, through its Memorandum of Understanding among e-Commerce platforms, has helped strengthening enforcement mechanisms within this e-Commerce

marketplaces. The popular e-Commerce sites in the Philippines with IP violation reporting platforms are listed below:

1. **Lazada;**
2. **Shopee;**
3. **Zalora;**
4. **Temu;**
5. **Facebook;**
6. **Instagram;**
7. **Twitter;**
8. **Tiktok and Tiktok Shop; and**
9. **Carousell**

This cooperation between government and private platforms significantly strengthens online IP enforcement.

Bureau of Customs ("BOC")

Under Philippine customs rules and regulations, an IPR Owner may request for the recordation of its IPR with the BOC to enable the BOC to monitor and prevent the entry of counterfeit goods in the Philippines. The recordation would put your IPR in the BOC's radar when they inspect imports.

Summary

The Philippines has enacted and implemented almost three (3) decades ago its IP Code. This is in compliance with the country's obligations under the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement).

The Philippine IP Code has laid down the legal framework for IP enforcement in the Philippines.

As we know, the TRIPS Agreement established the minimum international standards for protecting and enforcing intellectual property rights among member countries of the World Trade Organization.

The country has likewise joined major IP treaties allowing it to have a robust protection system to springboard IP asset ownership.

With these treaties as backbone, the country has adopted international standards provided several enforcement mechanisms in its IP Code, which for lack of a better term may be called "traditional routes":

- Civil actions;
- Criminal prosecution;
- Administrative proceedings;

- Border measures against counterfeit imports; and
- Provisional remedies to preserve evidence and prevent further infringement.

Under this system, the IPR owners are provided with the remedy of unfair competition.

Its IP Code however did not limit the Philippines from establishing multiple modes of enforcing IP in the country.

Being at the forefront of mainstreaming IP, the Philippines, through a whole-of-government approach and building on the IP Code, has established an enforcement system which makes IP rights holders preferred litigants and right enforcers in the Philippine legal system.

This preference not only relates to the multiple remedies available to them but also due to the number of venues where remedies may be pursued; the enactment of special rules which facilitate IP enforcement – note that these rules are enacted not only by administrative agencies like the IPO but also by the Philippine Supreme Court (aiming to aid IP owners in the administration of justice).

Report prepared by:

Vida M. Panganiban-Alindogan / Carlo B. Valerio

Anti-Counterfeiting Committee
Philippines