


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SENATE

Senate Bill No. 2300

RECEIVED BY: 

INTRODUCED BY SEN. JINGGOY EJERCITO ESTRADA

AN ACT
RESTORING THE PHILIPPINE INVENTORS COMMISSION, DEFINING ITS
POWERS, FUNCTIONS AND DUTIES, FOR THE ENCOURAGEMENT OF THE
GENERATION, DEVELOPMENT, MANUFACTURE, PROMOTION AND
MARKETING OF THE PHILIPPINE INVENTIONS, AND FOR OTHER
PURPOSES

EXPLANATORY NOTE

The ingenuity and innovativeness of Filipinos can never be underestimated and this was proven by the various awards and recognitions that our inventors, both young and old, have received in the international arena. Much more can be achieved by our scientific luminaries if only the government fully supports them in order to maximize their potentials and harness their contributions for our economic development.

Republic Act 3850 was signed into law in 1964 in order to provide technical, financial and legal assistance to inventors in the Philippines and create the Philippine Inventors Commission. However, it was abolished in 1997 by virtue of Executive Order 128 when the government was being reorganized.

The "*Philippine Inventors and Invention Incentives Act of 2014*" seeks to restore the Philippine Inventors Commission as provided for under Republic Act No. 3850, as amended. It shall be under the Office of the President with the task of giving technical, financial, legal and marketing assistance to Filipino inventors and their inventions. Consequently, the functions and funds of the Technology Application and Promotion Institute (TAPI) and the Department of Science and Technology under Republic Act No. 7459 will be transferred to the Commission, including the balance of the Inventions Guarantee Fund (IGF) deposited with the Development Bank of the Philippines (DBP).

To promote Filipino inventions, the Invention Economic Zone or "Invention City" which shall be the site of public research laboratory, experimental station and manufacturing plants or factories shall be established. Also, certain tax incentives, tax exemptions and registration fee exemptions shall be granted to inventors. This measure was previously filed by Sen. Manny Villar in the 15th Congress. The immediate passage of this bill is earnestly sought.


JINGGOY EJERCITO ESTRADA
Senator

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*Be it enacted by the Senate and the House of Representatives of the Philippines
in Congress assembled:*

1 **SECTION 1. Short Title.** – This Act shall be known as the “*Philippine Inventors*
2 *and Invention Incentives Act of 2014.*”

3
4 **SEC. 2. Declaration of Policy.** – It is hereby declared a policy of the State to give
5 priority to research and development, invention, innovation, and their utilization.
6 The State shall also support indigenous, appropriate, and self-reliant scientific
7 and technological capabilities, and their application to the country's productive
8 systems and national life.

9
10 The State shall regulate the transfer and promote the adaptation of technology
11 from all sources for the national benefit. It shall encourage the widest
12 participation of private groups, local governments, and community-based
13 organizations in the generation and utilization of science and technology. The
14 sustained development of a reservoir of national talents consisting of Filipino
15 scientists, entrepreneur, professionals, managers, high-level technical manpower
16 and skilled workers and craftsmen in all fields shall be promoted by the State.

17
18 Further, the State shall protect and secure the exclusive rights of scientists, and
19 inventors to their intellectual property and creations, particularly when beneficial
20 to the people, for such period as may be provided by law.

21
22 Furthermore, the State shall promote the preferential use of Filipino labor,
23 domestic materials and locally produced goods, and adopt measures that make
24 them competitive.

25
26
27 **SEC. 3. Definition of Terms.** – As used in this Act:

28
29 (a) “Innovation (Utility Model)” shall mean any new model of implement or tool
30 of any industrial product or part of the same, which does not possess the

1 quality of an invention, configuration, construction or composition. A
2 certificate of registration is issued to a utility model;

3
4 (b) "Industrial Design" is any composition of lines or colors or any three-
5 dimensional form, whether or not associated with lines or colors;
6 *Provided*, That such composition or form gives a special appearance to
7 and can serve as a pattern for industry or handicraft (as defined in RA
8 8293 otherwise known as the Intellectual Property Code);

9
10 (c) "Inter-Agency Committee" refers to the following government agencies:
11 Department of Science and Technology (DOST), Department of Trade
12 and Industry (DTI), National Economic and Development Authority
13 (NEDA), Development Bank of the Philippines (DBP), Department of
14 Agriculture (DA) that shall consult private agency associations and
15 appropriate government agencies in identifying technological research
16 priorities in order to guide inventors' research work and enhance the
17 economic viability and commercial applicability of their inventions;

18
19 (d) "Filipino Inventors Society" pertains to a single umbrella organization to
20 represent the inventors sector, where associations of the Filipino inventors
21 may join;

22
23 (e) "Mega Regions" refer to Northern Luzon, Central Luzon, Southern Luzon,
24 the Visayas and Mindanao.

25
26
27 **SEC. 4. *Philippine Inventors Commission.*** – The Philippine Inventors
28 Commission is hereby restored as provided for under Republic Act No. 3850, as
29 amended. The Philippine Inventors Commission, hereinafter referred to as the
30 Commission, shall be under the Office of the President of the Republic of the
31 Philippines for the purpose of giving technical, financial, legal and marketing
32 assistance to Filipino inventors and their inventions.

33
34
35 **SEC. 5. *Functions, Duties and Responsibilities.*** – The Commission shall have
36 the following functions, powers and duties:

37
38 (a) To accredit inventors and Filipino Inventors' associations or organizations;

39
40 (b) To take responsibility of the Invention Development Assistance Fund
41 (IDAF) which is at least 12% of DOST-TAPI's operational fund;

42
43 (c) To render technical assistance to inventors in the preparation of the
44 disclosure, description, abstract, claims, drawings and other documents
45 relating to the patent application, under certain terms and conditions;

46
47 (d) To grant financial aid to inventors to enable them to develop, perfect and
48 produce their patented inventions or those which are pending patent,
49 under certain terms and conditions;

50
51 (e) To render legal assistance to inventors by representing them in filing their
52 patent application here and/or abroad, in prosecuting said application until
53 grant or final action, and in protecting their patent from infringement in
54 patent cases, under certain terms and conditions;

- 1 (f) To facilitate financial assistance from local and international lending
2 institutions on the development of inventions that are beneficial to our
3 country for long term loans;
4
- 5 (g) To enable inventors to manufacture their inventions, with only their letters
6 patent as collateral, the amount of loan to be granted will depend upon the
7 importance and commercial viability of their inventions as determined by
8 the Commission;
9
- 10 (h) To develop and establish import and export assistance programs and help
11 inventors find markets for their inventions here and abroad;
12
- 13 (i) To encourage Filipino inventors to promote their inventions by holding
14 periodic contests, conventions, citations and awards to patented
15 inventions, utility models, industrial designs, and creative research in the
16 Philippines and abroad in various fields including but not limited to the
17 following: agriculture, chemistry, commerce, communications, education,
18 environment, engineering, fishery, food, science and technology , forestry,
19 medicine, national defense, pharmacy, physics, public safety and welfare,
20 public works, transportation and other fields of science. This shall be
21 open to all Filipino inventors who may submit entries in one or more fields;
22
- 23 (j) To provide assistance to inventors, technologists and researchers in
24 availing laboratories and other facilities of the Research and Development
25 Institutes (RDI's), including regional offices and instrumentalities of the
26 Department of Science and Technology and other government agencies;
27 Provided, that the recipient of the assistance agrees to give the
28 Commission at least one tenth (1/10) of all royalties arising from the
29 technology or inventions depending on the extent of facility or services
30 utilize to help maintain the research laboratory. The determination of
31 royalty shall be on the existing international standards. In case there is no
32 royalty arrangement in the commercialization and / or production and
33 market of the assisted ideas, products and processes, the inventor or
34 researcher shall give the commission at least five percent (5%) of the net
35 income derived therefrom. Proceeds from all kinds of assistance rendered
36 by the Commission shall accrue to its account and shall be used to
37 carryout its objectives and mandate;
38
- 39 (k) To assist inventors, scientists, technologists and the researchers in joining
40 national and international invention competitions duly recognized by the
41 Commission, including market development here and abroad;
42
- 43 (l) To exercise arbitration power, when necessary, organize an Arbitration
44 Board to help settle or arbitrate or encourage extra judicial settlement of
45 conflict problem and the like besetting between and among inventors
46 organization in order to foster unity, harmony and camaraderie among
47 themselves. An Arbitration Board shall be presided over the Commission
48 with at least three (3) members invited from disinterested organizations of
49 veritable and respectable reputation, and one from the Filipino Inventors
50 Society;
51
- 52 (m)To publish and disseminate information about inventions, and other
53 related information;
54
- 55 (n) To hold regular monthly dialogues for the exchange of ideas among
56 inventors; and,
57

1 (o) To help organize in coordination with other government agencies creative
2 societies in schools, colleges and universities to promote and encourage
3 inventiveness among our youth and citizenry.
4

5
6 **SEC. 6. *Organization.*** – The Commission shall be composed of a Chairperson
7 and five (5) commissioners representing the five (5) mega regions appointed by
8 the President of the Philippines. Each shall be a natural born Filipino citizen and
9 at least thirty-five (35) years of age, an inventor with at least one invention letter
10 patent, with no final conviction by a court of an offense involving moral turpitude,
11 a degree holder, preferably with M.S. or MBA and a member of the Filipino
12 Inventors' umbrella organization. They shall exercise collective decision-making
13 as the highest policymaking body of the Commission. The Board of
14 Commissioners shall promulgate and implement rules and regulations necessary
15 to perform the functions of the Commission to carry out the provisions of this Act.
16

17 The Commission shall have the following standing departments: Intellectual
18 Property and Legal Department, Finance Department, Administrative
19 Department, Research and Development Department, Project Development and
20 Business Consultancy Department, Record and Information. The Commission,
21 with the approval of the President, may create additional units deemed
22 necessary by the Board of Commissioners.
23

24
25 **SEC. 7. *Inter-Agency Committee.*** – The Commission shall, within three (3)
26 months of the effectivity of this law, constitute an Inter-Agency Committee whose
27 function is to guide the inventors' research work and enhance the economic
28 viability of their inventions. The findings of the Committee shall serve as the
29 basis for the issuance of certifications required from the Commission for
30 inventors to avail of the Invention Guarantee Fund. This is in addition to the
31 requirements prescribed by the Development Bank of the Philippines (DBP).
32

33 **SEC. 8. *Invention Economic Zone.*** – The Commission, with the approval of the
34 President, may select a suitable location on any public land owned by the
35 National Government for the site of its public research laboratory, experimental
36 station and manufacturing plants / factories or branch thereof with housing
37 facilities for the inventors and researchers working therein to be known as
38 Invention City and / or Invention Economic Zone. Within three months from
39 receipt of the choice of the Commission duly approved, the Director of Lands
40 shall cause the chosen sites to be surveyed, delimited and transferred to the
41 Commission to be under its exclusive jurisdiction and control.
42

43
44 **SEC. 9. *Transfer of Functions and Funds to the Commission.*** – All functions,
45 duties and responsibilities referring to the promotion and development of
46 inventions conferred upon the Technology Application and Promotion Institute
47 and / or Department of Science and Technology under Republic Act No. 7459
48 are hereby transferred to the Commission which shall hereafter exercise those
49 functions. All real and personal properties, moneys, assets, bequests, devices
50 and the like accumulated in the exercise of those functions in implementing the
51 said Act shall also be transferred to the Commission; *Provided*, That the research
52 and development (R & D) fund under Section 7 of R.A. 7459, the Invention
53 Development Assistance Fund, shall be increased and provided under the
54 General Appropriations Act in the initial amount of One Hundred Fifty Million
55 Pesos (Php 150,000,000.00). The TAPI shall identify equipment acquired from
56 the defunct PIDI and shall donate the same to the Commission, subject to
57 acceptable accounting rules and regulations.

1 The TAPI shall transfer to the Commission the balance of the Inventions
2 Guarantee Fund (IGF) deposited with the DBP. The Commission shall establish
3 rules for the availment of the IGF including all the pending loans funded under
4 IGF. Uncompleted inventors projects funded under the IDAF shall be transferred
5 to the Commission, subject to accounting rules and regulations.
6
7

8 **SEC. 10. Tax Exemptions and Incentives.** – To promote, encourage and
9 accelerate the development, manufacture and commercialization of Filipino
10 inventions or technologies, any income derived from these technologies or
11 inventions, shall be exempted from all kinds of taxes for a period of ten (10)
12 years effective from the date of the tax exemption approval, subject to the rules
13 and regulations of the Department of Finance; *Provided*, That this tax exemption
14 privilege shall be extended to the legal heir or assignee upon the death of the
15 inventor.
16

17 The Inventor shall also be entitled to the following tax incentives and tax
18 exemptions:
19

20 (a) Exemption from the payment of customs duties and value added tax on
21 import of machinery/ equipment, parts and materials and other
22 components which shall be actually, directly and exclusively used for the
23 manufacture of the patented inventions and registry utility models. The
24 Commission, in coordination with the Department of Finance, Bureau of
25 Internal Revenue, and the Bureau of Customs, shall determine the ceiling
26 on tax incentives and import duty privileges;
27

28 (b) Exemption from the payment of license fees, permit fees and other
29 business taxes from the machinery and equipment used for the
30 development, manufacture and sale of their patented inventions, as an
31 exemption to the taxing power of the local government units.
32
33

34 **SEC. 11. Free Patent Registration.** – Inventors shall be exempted from the
35 payment of any registration fees for their inventions, utility models and industrial
36 designs required by the Intellectual Property Philippines (IPP). The IPP and the
37 Commission shall establish the rules and requirements for the implementation of
38 the provision of this section to avoid violation of existing International
39 Agreements and/ or rules.
40
41

42 **SEC. 12.** All donations and grants to the Commission shall be tax-exempt and
43 deductible in full from the donor's gross income tax returns when evidenced by a
44 certificate duly issued by the Commission. Any person who evades or defeats,
45 or attempts to evade or defeat in any manner any tax imposed by law by availing
46 himself of the provisions of this section through fraud or misrepresentation shall
47 be punished by a fine of not more than Fifty Thousand pesos (Php 50,000.00) or
48 imprisonment of not exceeding one (1) year or both, in the discretion of the court.
49 In case the violator is a corporation or association, the president or general
50 manager thereof shall be criminally liable, without prejudice to the criminal
51 responsibility of the member, officer or employee thereof committing such
52 violation.
53
54

55 **SEC. 13.** The Board of Commissioners shall be constituted by the President
56 within three (3) months from the approval of this Act to formulate the
57 implementing rules and regulations, and organize the Commission.

1 **SEC. 14.** *Appropriations.* – There is hereby appropriated the sum of One
2 Hundred Fifty Million pesos (Php 150,000,000.00) to fund the initial year of the
3 Commission's operation. Thereafter, the amount necessary to effectively carry
4 out the provisions of this Act shall be included in the Annual General
5 Appropriations Act.

6
7
8 **SEC. 15.** *Separability Clause.* – If any provision of this Act shall at any time be
9 found to be unconstitutional or invalid, the remainder thereof not affected by such
10 declaration shall remain in full force and effect.

11
12
13 **SEC. 16.** *Repealing Clause.* – All laws, decrees, rules or regulations inconsistent
14 with the provisions of this Act are hereby repealed or modified accordingly.

15
16
17 **SEC. 17.** *Effectivity Clause.* – This Act shall take effect after fifteen (15) days
18 following its complete publication in two (2) newspapers of general circulation.

19
20
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22
23
24 *Approved,*