


FOURTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)

7 JUL 26 P3 19

SENATE

RECEIVED BY... 

S.B. No. 1390

Introduced by Senator Loren Legarda

EXPLANATORY NOTE

This bill seeks to re-establish the Philippine Inventors Commission that will serve as the lead agency that will promote research and development, provide comprehensive support services to Filipino inventors and protect their inventions.

Article XIV, Section 10 of the Constitution provides that the State shall give priority to research and development, invention, innovation, and their utilization and to support indigenous, appropriate, and self-reliant scientific and technological capabilities, and their application to the country's productive systems and national life. Currently, the Technology Application and Promotion Institute (TAPI) under the Department of Science and Technology (DOST) is taking the lead in implementing Republic act No. 7459, the law providing incentives to Filipino investors and inventions. R.A. No. 7459 only expanded the function of TAPI but had difficulties providing the necessary support mechanism that will have a significant impact on the sector.

The intent of the Constitutional provision to harness local inventions for national progress would be advanced further if there would be an agency with the appropriate and sufficient mandate, powers and resources to formulate and implement programs that have far-reaching impact on the plight of Filipino inventors. R.A. No. 3850 had created such an agency, the Inventors Commission. However, said Commission was effectively abolished by way of Executive Order No. 128 when the bureaucracy was reorganized during the term of President Corazon Aquino. At present, the need for re-instituting an agency such as the Inventors Commission becomes ever relevant as the role of science and technology is more pronounced in economic development in the Philippines and elsewhere.

This bill will strengthen the mechanisms for providing the much needed support to Filipino inventors by rationalizing programs for research and development, manufacture and market of our inventive ideas, products, processes and such other areas of technology development.

In view of the foregoing, the immediate passage of this bill is sought.



LOREN LEGARDA

Senator

FOURTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)

7 JUL 26 P3:09

SENATE

RECEIVED BY: 

S.B. No. **1390**

Introduced by Senator Loren Legarda

AN ACT
CREATING A PHILIPPINE INVENTORS COMMISSION, DEFINING ITS
POWERS, FUNCTIONS AND DUTIES, AND FOR OTHER PURPOSES THAT WILL
ENCOURAGE THE GENERATION, DEVELOPMENT, MANUFACTURE,
PROMOTION AND MARKET OF THE PHILIPPINE INVENTIONS.

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

SECTION 1. Title. -This Act shall be known as the "Inventors and Invention Incentives Acts of 2007."

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

Further, the State shall regulate the transfer and promote the adaptation of technology from all sources for the national benefit. It shall encourage the widest participation of private groups, local governments, and community-based organizations in the generation and utilization of science and technology.

Furthermore, the State shall protect and secure the exclusive rights of scientists, and investors to their intellectual property and creations, particularly when beneficial to the people, for such period as may be provided by law.

SECTION 3. Philippine Inventors Commission. -The Philippine Inventors Commission is hereby re-established as provided for under Republic Act No. 3850, as amended. The Philippine Inventors Commission, hereinafter referred to as the Commission, shall be under the Office of the President of the Republic of the Philippines for the purpose of giving technical, financial, legal and marketing assistance to Filipino inventors and their inventions.

SECTION 4. Functions and Responsibilities. -The Commission shall have the following functions, power and duties:

(a) To render technical assistance to inventors by examining their submitted to determine their patentability and by helping them prepare their patent application, under certain terms and conditions;

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

(c) To render legal assistance to inventors by representing them in filling their patent application here and/or abroad and in protecting their patent from infringement in patent cases, under certain terms and conditions;

(d) To facilitate financial assistance from local and international lending institutions on the development of inventions that are beneficial to our country for long term loans to enable inventors to manufacture their inventions, with only their letters patent as collateral, the amount of loan to be granted depending upon the importance and market of their inventions as determined by the Commission;

(e) To develop and establish import and export assistance program and help inventors find markets for their inventions here and abroad;

(f) To encourage Filipino inventors to promote their inventions by holding periodic citations and awards to patented inventions in the Philippines in the field of agriculture, chemistry, commerce, communications, education, engineering, fishery, forestry, medicine, national defense, pharmacy, physics, public safety and welfare, public works, transportation and other fields of science, which shall be open to all Filipino inventors who may submit entries in one or more fields;

(g) To establish and maintain a public research laboratory and experimental station where authorized inventors and researchers may avail themselves of its facilities and services for carrying out or perfecting their approved inventions and researches: Provided, that the inventor or researcher shall agree to give the Commission at least one tenth of all royalties arising from the commercialization and market of their ideas, products and processes for the use of its facilities to help maintain the public research laboratory and experimental station: Provided, further that the laboratory facilities and services of the Department of Science and Technology and other government agencies, offices and instrumentalities shall be made available to inventors or researchers who may need the same, as recommended by the Commission against which the expenses incurred in such laboratories shall be chargeable;

The determination of royalty shall be based on the existing international standards. In case there is no royalty arrangement in the commercialization and/or production and market of the assisted ideas, products and processes, the inventor or researcher shall give the commission at least five (5) percent of the net income derived from the therefrom. Proceeds from all kinds of assistance rendered by the Commission shall accrue to its account and shall be used to carryout its objectives and mandate.

(h) To assist inventors, scientists and researchers in joining international competitions including market development abroad;

(i) To publish and disseminate information about inventions researches and science in general; and

(j) To organize creative societies in schools, colleges and universities to promote and encourage creativeness among our youth.

SECTION 5. *Organization.* -The Commission shall be composed of a Board of Commissioners organized under a Chairperson to be assisted by four (4) Commissioners appointed by the President. They shall hold office for seven (7) years unless otherwise renewed. Each shall be a Filipino citizen and at least twenty-five (25) years of age. They shall exercise collective decision making as the highest policymaking body of the Commission. The Board of commissioners shall promulgate and implement rules and regulations necessary to perform the functions of the Commission to carry out the provisions of this Act.

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

SECTION 6. *Invention Zone.* -The Commission, with the approval of the President, may select a suitable location on any public land owned by the National Government for the site of its public research laboratory, experimental station and manufacturing plants/factories or branch thereof with housing facilities for the inventors and researchers working therein to be known as Invention City and/or Invention Economic Zone. Within three months from receipt of the choice of the Commission duly approved, the Director of Lands shall cause the chosen site to be surveyed, delimited and transferred to the Commission to be under its exclusive jurisdiction and control.

SECTION 7. *Consolidation of R.A. 7459.* All functions, duties and responsibilities referring to the promotion and development of inventions conferred upon the Technology Application and Promotion Institute and/or Department of Science and Technology under Republic Act No. 7459 are hereby transferred to the Commission which shall hereafter exercise those functions. All real and personal properties, moneys, assets, bequests, devices and the like accumulated in the exercise of those functions in implementing the said Acts shall also be transferred to the Commission; Provided, that the research and development (R&D) fund under Section 7 of R.A. No. 7459, the Invention Development Assistance Fund, shall be increased and provided under the General Appropriation Act in the initial amount of five hundred million pesos (P500,000,000.00) pursuing the global average of 2% of the gross national product (GNP) allocated for research and development activities.

SECTION 8. To promote, encourage and accelerate the manufacture and sale of home grown and/or adopted inventions or technologies the inventors and their inventions shall be exempted from all kinds of taxes effective from the date of the tax exemption approval, such as the following:

(a) Exemption from the payment of direct and indirect taxes, customs duties exercise taxes, import value added taxes, and other charges on import of machinery/equipment, parts and materials and other components which shall be actually directly and exclusively used for the manufacturer and market of the invention/technology;

(b) Exemption from the payment of income and value added taxes on the income derived from the commercialization and market of their inventions and technologies;

(c) Exemption from the payment of fees, and such other fees required for the renewal of the patent fees, and such other fees required for the renewal of patent certificate by the Intellectual Property Office, exemption from the payment of license and business permits fees, inspection fees, and realty taxes on machinery and equipment used for the development, manufacture and sale of their invention/technology; and all of these tax exemption privileges shall be extended to their legal heir, or assignee/licensee. Provided further, that any business entity, organization and the like of which the inventor is an owner or stockholder of not less than 50% of the total capital shall be extended the same tax exemption privilege.

SECTION 9. All donations and grants to the Commission shall be tax-exempt and deductible in full from the donor's income tax returns when evidenced by a certificate duly issued by the Commission. Any person who evades or defeats, or attempts to evade or defeat in any manner any tax imposed by law by availing himself of the provisions of this section through fraud or misrepresentation shall be punished by a fine not more than fifty thousand pesos or imprisonment not exceeding one year or both, in the discretion of the court. In case the violator is a corporation or association, the president or general manager thereof shall be criminally liable, without prejudice to the criminal responsibility of the member, officer or employee thereof committing such violation.

SECTION 10. The Board of Commissioners shall be constituted by the President within three months from the approval of this Act to formulate the implementing rules and regulations and organize the Commission.

SECTION 11. Appropriations. -There is hereby appropriated the sum of one hundred fifty million pesos (P150,000,000.00) to fund the initial year of the Commission's operation. Further, it is hereby authorized to be appropriated annually such sums as may be necessary to carry out the provisions and objectives of this Act to be included under the general appropriations for the Office of the President: Provided, that these sums not to be less than the original appropriation of one hundred fifty million pesos.

SECTION 12. Repealing Clause. - All laws, decrees, orders, rules and regulations or portions thereof inconsistent with the provisions of this Act are hereby repealed, amended or modified accordingly.

SECTION 13. Separability Clause. - If any provision of this Act is declared invalid, other parts or provisions thereof not affected thereby shall remain and continue to be in full force and effect.

SECTION 14. Effectivity. - This Act shall take effect on the day following its publication in at least two (2) national newspapers of general circulation.

Approved,