


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

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SENATE

S.B. No. 1405

APPROVED


Introduced by Senator Loren Legarda

EXPLANATORY NOTE

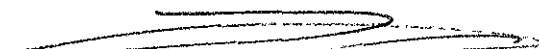
This bill seeks to re-establish the Philippine Inventors Commission that will serve as the lead agency that will promote research and development, provide comprehensive support services to Filipino inventors and protect their inventions.

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. 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

FIFTEENTH CONGRESS OF THE)
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S.B. No. 1405

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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:*

1 **SECTION 1. Title.** -This Act shall be known as the "Inventors and Invention
2 **Incentives Acts of 2010."**

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

9
10 Further, the State shall regulate the transfer and promote the adaptation of
11 technology 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.

14
15 Furthermore, the State shall protect and secure the exclusive rights of
16 scientists, and investors to their intellectual property and creations, particularly
17 when beneficial to the people, for such period as may be provided by law.

18
19 **SECTION 3. Philippine Inventors Commission.** -The Philippine Inventors
20 Commission is hereby re-established as provided for under Republic Act No. 3850,
21 as amended. The Philippine Inventors Commission, hereinafter referred to as the

1 Commission, shall be under the Office of the President of the Republic of the
2 Philippines for the purpose of giving technical, financial, legal and marketing
3 assistance to Filipino inventors and their inventions.
4

5 **SECTION 4. *Functions and Responsibilities.*** -The Commission shall have
6 the following functions, power and duties:
7

- 8 a) To render technical assistance to inventors by examining their submitted to
9 determine their patentability and by helping them prepare their patent
10 application, under certain terms and conditions;
11
- 12 b) To grant financial aid to inventors to enable them to develop, perfect and
13 produce their patented inventions or those that are pending patent, under
14 certain terms and conditions;
15
- 16 c) To render legal assistance to inventors by representing them in filling their
17 patent application here and/or abroad and in protecting their patent from
18 infringement in patent cases, under certain terms and conditions;
19
- 20 d) To facilitate financial assistance from local and international lending
21 institutions for the development of inventions that are beneficial to our
22 country for long term loans to enable inventors to manufacture their
23 inventions, with only their letters patent as collateral, the amount of loan to
24 be granted depending upon the importance and market of their inventions as
25 determined by the Commission;
26
- 27 e) To develop and establish import and export assistance program and help
28 inventors find markets for their inventions here and abroad;
29
- 30 f) To encourage Filipino inventors to promote their inventions by holding
31 periodic citations and awards to patented inventions in the Philippines in the
32 field of agriculture, chemistry, commerce, communications, education,
33 engineering, fishery, forestry, medicine, national defense, pharmacy, physics,
34 public safety and welfare, public works, transportation and other fields of
35 science, which shall be open to all Filipino inventors who may submit entries
36 in one or more fields;

1
2 g) To establish and maintain a public research laboratory and experimental
3 station where authorized inventors and researchers may avail themselves of
4 its facilities and services for carrying out or perfecting their approved
5 inventions and researches: *Provided*, that the inventor or researcher shall agree
6 to give the Commission at least one tenth of all royalties arising from the
7 commercialization and market of their ideas, products and processes for the
8 use of its facilities to help maintain the public research laboratory and
9 experimental station: *Provided, further*, that the laboratory facilities and
10 services of the Department of Science and Technology and other government
11 agencies, offices and instrumentalities shall be made available to inventors or
12 researchers who may need the same, as recommended by the Commission
13 against which the expenses incurred in such laboratories shall be chargeable;
14

15 The determination of royalty shall be based on the existing international
16 standards. In case there is no royalty arrangement in the commercialization
17 and/or production and market of the assisted ideas, products and processes,
18 the inventor or researcher shall give the commission at least five (5) percent of
19 the net income derived from the therefrom. Proceeds from all kinds of
20 assistance rendered by the Commission shall accrue to its account and shall
21 be used to carryout its objectives and mandate.
22

23 h) To assist inventors, scientists and researchers in joining international
24 competitions including market development abroad;
25

26 i) To publish and disseminate information about inventions researches and
27 science in general; and
28

29 j) To organize creative societies in schools, colleges and universities to promote
30 and encourage creativeness among our youth.
31

32 **SECTION 5. *Organization.*** -The Commission shall be composed of a Board
33 of Commissioners organized under a Chairperson to be assisted by four (4)
34 Commissioners appointed by the President. They shall hold office for seven (7) years
35 unless otherwise renewed. Each shall be a Filipino citizen and at least twenty-five
36 (25) years of age. They shall exercise collective decision making as the highest

1 policymaking body of the Commission. The Board of Commissioners shall
2 promulgate and implement rules and regulations necessary to perform the functions
3 of the Commission to carry out the provisions of this Act.

4
5 The Commission shall have the following standing departments: Intellectual
6 Property and Legal Department, Finance Department, Administrative Department,
7 Research and Development Department, Project Development and Business
8 Consultancy Department, Record and Information Department. The Commission,
9 with the approval of the President, may create additional units deemed necessary by
10 the Board of Commissioners.

11
12 **SECTION 6. *Invention Zone.*** -The Commission, with the approval of the
13 President, may select a suitable location on any public land owned by the National
14 Government for the site of its public research laboratory, experimental station and
15 manufacturing plants/factories or branch thereof with housing facilities for the
16 inventors and researchers working therein to be known as Invention City and/or
17 Invention Economic Zone. Within three (3) months from receipt of the choice of the
18 Commission duly approved, the Director of Lands shall cause the chosen site to be
19 surveyed, delimited and transferred to the Commission to be placed under its
20 exclusive jurisdiction and control.

21
22 **SECTION 7. *Consolidation of R.A. 7459.*** - All functions, duties and
23 responsibilities referring to the promotion and development of inventions conferred
24 upon the Technology Application and Promotion Institute and/or Department of
25 Science and Technology under Republic Act No. 7459 are hereby transferred to the
26 Commission which shall hereafter exercise those functions. All real and personal
27 properties, moneys, assets, bequests, devices and the like accumulated in the
28 exercise of those functions in implementing the said Acts shall also be transferred to
29 the Commission: *Provided*, That the research and development (R&D) fund under
30 Section 7 of R.A. No. 7459, the Invention Development Assistance Fund, shall be
31 increased and provided under the General Appropriation Act in the initial amount
32 of Five Hundred Million Pesos (P500,000,000.00) pursuing the global average of 2%
33 of the gross national product (GNP) allocated for research and development
34 activities.

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

5
6 (a) Exemption from the payment of direct and indirect taxes, customs
7 duties exercise taxes, import value added taxes, and other charges on import of
8 machinery/equipment, parts and materials and other components which shall be
9 actually directly and exclusively used for the manufacturer and market of the
10 invention/technology;

11
12 (b) Exemption from the payment of income and value added taxes on the
13 income derived from the commercialization and market of their inventions and
14 technologies;

15
16 (c) Exemption from the payment of fees, and such other fees required for
17 the renewal of the patent fees, and such other fees required for the renewal of patent
18 certificate by the Intellectual Property Office, exemption from the payment of license
19 and business permits fees, inspection fees, and realty taxes on machinery and
20 equipment used for the development, manufacture and sale of their
21 invention/technology; all of which tax exemption privileges shall be extended to
22 their legal heir, or assignee/licensee: *Provided*, that any business entity, organization
23 and the like of which the inventor in an owner or stockholder of not less than 50% of
24 the total capital shall be extended the same tax exemption privilege.

25
26 **SECTION 9. *Exemption from Donor's Tax.*** - All donations and grants to the
27 Commission shall be tax-exempt and deductible in full from the donor's income tax
28 returns when evidenced by a certificate duly issued the Commission. Any person
29 who evades or defeats, or attempts to evade or defeat in any manner any tax
30 imposed by law by availing himself of the provisions of this section through fraud
31 or misrepresentation shall be punished by a fine not more than Fifty Thousand
32 Pesos (P50,000.00) or imprisonment not exceeding one (1) year or both, in the
33 discretion of the court. In case the violator is a corporation or association, the
34 president or general manage thereof shall be criminally liable, without prejudice to
35 the criminal responsibility of the member, officer or employee thereof committing
36 such violation.

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SECTION 10. Constitution of Board of Commissioners. - 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 shall not 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. - Should any part or provision of this Act be declared unconstitutional or invalid, other parts or provisions hereof not otherwise affected thereby shall remain in full force and effect.

SECTION 14. Effectivity. - This Act shall take effect fifteen (15) days after its publication in at least two (2) newspapers of general circulation.

Approved,