

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

SENATE

S. NO. 364

1537 P.M. 11/11/11

Introduced by Senator Antonio "Sonny" F. Trillanes IV

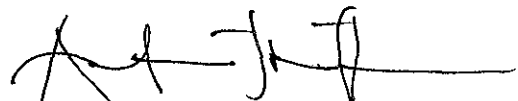
Explanatory Note

In the advent of new technologies and inventions, the reinstatement of the Philippine Inventors Commission (PIC) is necessary to cater to the growing needs of Filipino inventors amidst rapid globalization. The need for re-instituting the PIC is very relevant as the role of science and technology becomes more pronounced in economic development worldwide.

Section 10 under Article XIV of the Constitution provides that the State shall give priority to research and development, invention, innovation, and their utilization. Moreover, Section 11 of the same mandates that the State shall grant scholarships, grants-in-aid, or other forms of incentives to deserving science students, researchers, scientists, inventors, technologists, and especially gifted citizens.

Thus, this bill seeks to re-establish the PIC as the lead agency in promoting research and development in the Philippines. This Act shall strengthen the mechanisms for providing the much needed support to Filipino inventors by rationalizing programs for research and development, the manufacturing and marketing of inventive ideas, products, processes and such other areas of technology development. Further, PIC shall provide comprehensive support services to Filipino inventors and shall likewise help protect our countrymen's inventions.

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



ANTONIO "SONNY" F. TRILLANES IV
Senator

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19 JUL -6 12 05

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AN ACT

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

Be it 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 Incentives*
2 *Act of 2010*".

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

8
9 Further, the State shall regulate the transfer and promote the adaptation of technology from all
10 sources for the national benefit. It shall encourage the widest participation of private groups,
11 local governments, and community-based organizations in the generation and utilization of
12 science and technology.

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

4
5 **SEC. 3. *Philippine Inventors Commission.***- The Philippine Inventors Commission is
6 hereby restored as provided for under Republic Act No. 3850, as amended. The Philippine
7 Inventors Commission, hereinafter referred to as the Commission, shall be under the Office of
8 the President of the Republic of the Philippines for the purpose of giving technical, financial,
9 legal and marketing assistance to Filipino inventors and their inventions.

10
11 **SEC. 4. *Functions and Responsibilities.***- The Commission shall have the following
12 functions, power and duties:

13 1. To render technical assistance to inventors by examining their submitted invention to
14 determine their patentability and by helping them prepare their patent application, under certain
15 terms and conditions;

16 2. To grant financial aid to inventors to enable them to develop, perfect and produce their
17 patented inventions or those which are pending patent, under certain terms and conditions;

18 3. To render legal assistance to inventors by representing them in filing their patent application
19 here and/or abroad and in protecting their patent from infringement in patent cases, under certain
20 terms and conditions;

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

1 5. To develop and establish import and export assistance program and help inventors find
2 markets for their inventions here and abroad;

3 6. To encourage Filipino inventors to promote their inventions in the Philippines in the field of
4 agriculture, chemistry, commerce, communications, education, engineering, fishery, forestry,
5 medicine, national defense, pharmacy, physics, public safety and welfare, public works,
6 transportation and other field of science, which shall be open to all Filipino inventors who may
7 submit entries in one or more fields;

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

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

24 8. To assist inventors, scientists and researchers in joining international competitions including
25 market development abroad;

1 9. To publish and disseminate information about inventions, researches and science in general;
2 and,

3 10. To organize creative societies in schools, colleges and universities to promote and encourage
4 creativeness among our youth.

5

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

12

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

18

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

1 **SEC. 7. Consolidation of R.A. No. 7459.**- All functions, duties and responsibilities
2 referring to the promotion and development of inventions conferred upon the Technology
3 Application and Promotion Institute and/or Department of Science and Technology under
4 Republic Act No. 7459 are hereby transferred to the Commission which shall hereafter exercise
5 those functions. All real and personal properties, moneys, assets, bequests, devices and the like
6 accumulated in the exercise of those functions in implementing the said Acts shall also be
7 transferred to the Commission; *Provided*, that the research and development (R & D) funder
8 under Section 7 of R.A. No. 7459, the Invention Development Assistance Fund, shall be
9 increased and provided under the General Appropriation Act in the initial amount of five
10 hundred million pesos (Php500,000,000.00) pursuing the global average of two (2) percent of the
11 gross national product (GNP) allocated for research and development activities.

12

13 **SEC. 8. Tax Exemption.** – To promote, encourage and accelerate the manufacture and
14 sale of home grown and/or adopted inventions or technologies, the inventors and their invention
15 shall be exempted from all kinds of taxes effective from the date of the tax exemption approval,
16 such as the following:

- 17 1. Exemption from the payment of direct and indirect taxes, customs duties, excise taxes, import
18 value added taxes, and other charges on import of machinery/equipment, parts and materials and
19 other components which shall be actually directly and exclusively used for the manufacture and
20 market of the invention/technology;
- 21 2. Exemption from the payment of income and value-added taxes on the income derived from
22 the commercialization and market of their inventions and technologies;
- 23 3. Exemption from the payment of fees, and such other fees required for the renewal of the
24 patent fees, and such other fees required for the renewal of patent certificate by the Intellectual
25 Property Office, exemption from the machinery and equipment used for the development,
26 manufacture and sale of their invention and technology; and all of these tax exemption privileges

1 shall be extended to their legal heir, or assignee/licensee: *Provided further*, that any business
2 entity, organization and the like of which the inventor is an owner or stockholder of not less than
3 fifty (50) percent of the total capital shall be extended the same tax exemption privilege.

4

5 **SEC. 9. Penalties for Violations.-** All donations and grants to the Commission shall be
6 tax-exempt and deductible in full from the donor's income tax returns when evidenced by a
7 certificate duly issued by the Commission. Any person who evades or defeats, or attempts to
8 evade or defeat in any manner any tax imposed by law by availing himself of the provisions of
9 this section through fraud or misrepresentation shall be punished by a fine of not more than fifty
10 thousand pesos (Php50,000.00) or imprisonment of not exceeding one (1) year or both, in the
11 discretion of the court. In case the violator is a corporation or association, the President or
12 General Manager thereof shall be criminally liable, without prejudice to the criminal
13 responsibility of the member, officer or employee thereof committing such violation.

14

15 **SEC. 10. Constitution of the Board.-** The Board of Commissioners shall be constituted
16 by the President within three (3) months from the approval of this Act to formulate the
17 implementing rules and regulations and organize the Commission.

18

19 **SEC. 11. Appropriations.-** There is hereby appropriated the sum of one hundred fifty
20 million pesos (Php150,000,000.00) to fund the initial year of the Commission's operation.
21 Further, it is hereby authorized to be appropriated annually such sums as may be necessary to
22 carry out the provisions and objectives of this Act to be included under the general
23 appropriations for the Office of the President: *Provided*, that these sums not to be less than the
24 original appropriations of the one hundred fifty million pesos (Php150,000,000.00).

1 **SEC. 12. *Repealing Clause.*** Any laws, decrees, ordinances or rules and regulations
2 which are inconsistent with or contrary to the provision of this Act is hereby amended or
3 repealed.

4
5 **SEC. 13. *Separability Clause.*** - If any provision of this Act is held invalid or
6 unconstitutional, the other provisions not affected hereby shall remain valid and subsisting.

7
8 **SEC. 14. *Effectivity.*** This Act shall take effect fifteen (15) days after its complete
9 publication in at least two (2) national newspapers of general circulation.

Approved,