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Fifth Regular Session

S E N A T E
S. No. 1758

INTRODUCED BY SENATORS LINA, JR., ROMULO,
PIMENTEL, JR., ESTRADA AND SALONGA PER
COMMITTEE REPORT NO. 1248

AN ACT TO PROVIDE INCENTIVES FOR INVENTION
AND ITS APPLICATION TO THE COUNTRY'S
PRODUCTIVE SYSTEMS AND NATIONAL LIFE, AND
TO EXPAND THE FUNCTIONS OF THE
TECHNOLOGY APPLICATION AND PROMOTION
INSTITUTE FOR THIS PURPOSE AND FOR OTHER
PURPOSES

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

1 SECTION 1. *Short Title.* - This Act shall be known as the
2 "Invention Incentives Act of the Philippines".

3 SEC. 2 *Declaration of National Policy and Program.* - It is
4 hereby declared to be the national policy to give priority to invention
5 and its utilization in the country's productive systems and national
6 life; and to this end provide incentives to inventors and protect their
7 exclusive right to their invention, particularly when the invention is
8 beneficial to the people and contributes to national development
9 and progress.

1 Pursuant to the national policy, the Government shall provide a
2 program to set up a climate conducive to invention and innovation,
3 give encouragement and support to inventors who are creative and
4 resourceful, as well as imbued with a deep sense of nationalism, and
5 maximize the capability and productivity of inventors through incen-
6 tives and other forms of assistance and support.

7 **SEC. 3. Definition of Terms. -**

8 a. *Department* - refers to the Department of Science and Technol-
9 ogy.

10 b. *Institute* - refers to the Technology Application and Promotion
11 Institute.

12 c. *Technology* - means the application of knowledge and/or
13 science which shall include all others such as inventions, innovations
14 and results of researches.

15 d. *Invention* - refers to, for the purpose of this Act, any patented
16 machine, product, process including implements or tools and other
17 related gadgets of invention, utility model and industrial design
18 patents.

19 e. *Inventor* - refers to the patentee/s, heir/s or assignee/s of an
20 Invention letters patent, Utility Model letters patent or Industrial
21 Design letters patent.

22 f. The "Patent Office" - refers to the Bureau of Patent,
23 Trademark and Technology Transfer (BPTTT).

24 g. The RDI's - refer to the Research and Development Institutes
25 of the Department of Science and Technology.

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1 **SEC. 4. *The Invention Guarantee Fund.*** - The Invention Guarantee Fund is hereby reactivated and increased to Fifty Million Pesos (P50,000,000) which shall be used for special financing programs for Filipino inventions. The difference between P50M and the accrued amount of IGF now with Development Bank of the Philippines shall be appropriated out of any funds in the National Treasury not otherwise appropriated.

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8 **SEC. 5. *Invention Development Assistance Fund.*** - There is hereby established an Invention Development Assistance Fund from the operations of the Technology Application and Promotion Institute in the amount of at least thirty percent (30%) of the annual operations fund of the Institute and from donations, bequests, and other sources, public and private or domestic or foreign, for assisting potential or actual inventors in the initial experiments and prototype development and other inventor-development related activities for invention and/or innovation. The Fund shall be administered by the Institute and in the performance of the evaluation of proposals therefor, the Institute may be assisted by an Advisory Board on Inventors from the public and private sector. All donations to the Assistance Fund shall be tax exempt and/or tax deductible.

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21 **SEC. 6. *Expanded Function of the Institute.*** - In order to carry out the incentives envisioned in this Act, the Technology Application and Promotion Institute shall have the following expanded functions:

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24 a. Involve actively in the formulation and implementation of policies, plans and programs related to commercialization of
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1 technologies;

2 b. Undertake contract research and investigation services up
3 to the pilot plant and semi-commercial stage;

4 c. Provide patenting and legal assistance to qualified inventors,
5 technologists and researchers including the actual preparation and
6 filling at the Patent Office of the Patent Application Documents,
7 safeguard their industrial property rights against infringement and
8 assist in the preparation of licensing agreements under certain
9 terms and conditions;

10 d. Marketing of commercially viable technologies including
11 among others invention-based technologies from RDI's or private
12 inventors, researchers or institutions including promotional activities
13 such as annual technology and invention fairs and/or contests in the
14 regional and national levels with special citations and cash awards
15 to deserving contestants identified by a Presidential Panel of Judges;

16 e. Grant financial assistance to technologists, inventors and
17 researchers to enable them to develop and market the products of
18 their technologies/inventions including pilot scale plants to
19 demonstrate the operability and industrial application under
20 certain terms and conditions;

21 f. Assist technologists, inventors and researchers avail of the
22 laboratories and other facilities of the RDI's including regional
23 offices and other government agencies, offices and instrumentalities
24 upon the recommendation of the Director of TAPI: *Provided*, That
25 recipient of such assistance agree to give to the Institute at least one

1 tenth (1/10) of all royalties arising from the technology or invention
2 depending upon the extent of facility or services utilized to help
3 maintain the research laboratories;

4 g. Promote the accelerated commercialization of viable tech-
5 nologies and/or inventions by conducting techno-economic viabil-
6 ity assessment, providing financial packages to support transfer of
7 technology, recommend the issuance of tax exemption privileges and
8 investment management;

9 h. Establish an effective linkage between RDI's, private
10 inventors and researchers on the one hand and technology users in the
11 government and industry on the other to sustain interaction and
12 collaboration between them so that specific sectoral technology
13 needs shall be known by the former and new and appropriate tech-
14 nologies, invention and innovations by the latter;

15 i. Establish a working linkage with international organiza-
16 tions dealing with the industrial property system, technology transfer
17 and technology information system;

18 j. Assist government agencies establish inventive and creative
19 societies in schools, colleges and universities and other areas to
20 promote and encourage inventiveness and creativeness among the
21 youth in cooperation with the Department of Education, Culture
22 and Sports;

23 k. Accredite and recognize inventor organizations throughout
24 the territory of the Republic of the Philippines to regulate their
25 activities;

1 1. Maintain an inventory of developed technologies from
2 foreign and domestic sources;

3 m. Administer operation of pilot plants;

4 n. Promote researches applicable to industrial, agricultural
5 and other sectoral needs to foster and strengthen technology intensive
6 cottage, small and medium enterprises.

7 SEC. 7. *Additional Division.* - Aside from the Institute's
8 usual divisions for its normal business operations, it shall have an
9 additional division for the benefit of the inventors and to particularly
10 pursue the objectives of this Act. The head of the additional division
11 shall preferably be a patentee of an invention letters patent offices
12 and must be a registered Patent Agent accredited by the Patent
13 Office.

14 Such technical and other administrative personnel as may be
15 necessary to carry out the functions of the Institute shall be appointed
16 and/or contracted by the Institute.

17 The qualification standard of the personnel cited above and
18 staffing pattern of TAPI shall be modified accordingly pursuant to
19 the expanded functions of the Institute requiring certain expertise
20 peculiar to the positions and the demands of the services to be
21 responsibly delivered.

22 SEC. 8. *Tax Exemption.* - To promote, encourage, develop and
23 accelerate commercialization of technologies developed by local re-
24 searchers or adapted locally from foreign sources including inven-
25 tions, any income derived from these technologies or inventions

1 shall be exempted from paying all kinds of taxes, license and permit
2 fees, except customs duties and charges on imports, during the first
3 ten (10) years from the date of the first sale, subject to the rules and
4 regulations of the Department of Finance: *Provided*, That this tax
5 exemption privilege pertaining to inventions shall be extended to the
6 legal heir or assignee upon the death of the inventor.

7 SEC. 9. Inventors shall be exempt from paying any fees involved
8 in their application for registration of their inventions.

9 SEC. 10. *Rules and Regulations.* - The Institute shall promul-
10 gate, subject to the approval of the Secretary of the Department of
11 Science and Technology, such rules and regulations as may be
12 necessary for the conduct and exercise of the functions under this Act.

13 All rules and regulations, orders and other issuances, awards to
14 loan recipients, and other acts affecting third persons or require the
15 award of fund under this Act shall first be published in a national
16 newspaper of general circulation before it takes effect.

17 SEC. 11. *Separability Clause.* - If any part or provision of this
18 Act shall be held unconstitutional or invalid, other parts or provi-
19 sions hereof which are not affected thereby shall continue in full force
20 and effect.

21 SEC. 12. *Repealing Clause.* - Any law, decree, rules, regula-
22 tions, executive orders or parts thereof inconsistent with the provisions
23 of this Act shall be deemed repealed or modified accordingly.

24 SEC. 13. *Effectivity.* - This Act shall take effect upon its approval
25 fifteen (15) days after its publication in at least two (2) newspapers of
26 general circulation.

Approved,

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