

MR. LEUTERIO. Yes. As a matter of fact, they are now pilots of commercial planes.

MR. TOPACIO NUENO. Provided that they are not drunkards.

MR. LEUTERIO. Yes.

MR. SERRANO. Mr. Speaker, will the gentleman yield?

THE SPEAKER. The gentleman may yield, if he so desires.

MR. LEUTERIO. With pleasure.

MR. SERRANO. Does this bill also provide for the same privilege to other aliens?

MR. LEUTERIO. Yes, to those aliens whose countries grant the same right to Filipinos. As a matter of fact, the regulation of the Bureau of Aeronautics is strict that only American pilots could come within the scope of this requisite. That is the requirement of the Bureau of Aeronautics.

MR. SERRANO. Mr. Speaker, I reserve my right to speak against it.

MR. LEUTERIO. Mr. Speaker, I move that the bill be considered later on.

THE SPEAKER. Is there any objection (*Silence.*) The Chair does not hear any. The consideration of the bill is postponed.

CONSIDERATION OF HOUSE BILL NO. 1156

THE SPEAKER. House Bill No. 1156 is now in order. The Secretary will read it.

THE SECRETARY, *reading*:

EXPLANATORY NOTE

The Philippines, since the inauguration of the Republic, has had no patent law.

The importance of the prompt enactment of patent legislation cannot be over emphasized. The Philippines is in the formative period of industrial development. Scientific discoveries and development of inventions should be encouraged as provided by the Constitution. Inventions not only create new opportunities for livelihood, but also improve the standard of living. It is an accepted fact that inventions further the civilization and help build up the strength of the nation. No better proof of this can be exemplified than by the events of the recent war which was decided in a large measure by scientific discoveries and new inventions.

Primary objectives of the present draft is to submit a proposed legislation which will afford adequate protection both to inventors and the public by providing for the grant of a patents for invention and for the registrations of designs under proper safeguards, which may be efficiently administered by an agency with a reasonably small personnel, and which will comply with the requirements of the international convention for the protection of industrial property of which most of the foreign countries are members.

The draft provides for a registration system for patents relating to mechanical and process inventions, and for industrial designs, as distinguished from a complete examination system. In this, it follows the policy of such countries as France and Belgium and in effect of a number of South and Central American countries, in which the system has proved satisfactory and workable.

The registration system greatly simplifies the procedure in the issue of patents. Delays incident to the examination system as used in the United States, Great Britain and other well developed industrial countries are thus obviated. The examination system would require a greatly increased technical personnel over that incorporated in the draft, and would, it is thought, be too cumbersome for adoption at this time.

In reference to inventions which may be patentable, the draft adopts the policy that an invention may be patentable if it is not previously known or used in the Philippines, without regard to prior knowledge or use elsewhere. This, however, is safeguarded by the qualification that the applicant-inventor for a patent must be the true and actual inventor, not a mere copyist. That this policy has been found satisfactory is shown by the fact that it is the same as that followed in Great Britain and in practically all other countries, except the United States.

The draft includes a compulsory licensing system parallel to the system followed in Great Britain and some other foreign countries. It is believed that compulsory licensing will insure that inventions are worked by patentees, or others will be given a chance to supply the public with the patented articles. This should also prevent the building up of patent monopolies.

The draft follows the accepted American practice of giving the patent a life of 17 years. However, the draft provides that after an initial period of 4 years, in order to maintain the patent, the patentee shall pay an annual fee to avoid the lapsing thereby. This tends to give the public the advantage of releasing the invention from protection unless it is made sufficiently beneficial by the patentee to justify him in keeping it alive by the payment of a reasonable annual fee after the initial period.

The remedies of injunction and damages generally considered adequate in other countries have also been adopted. As additional protection, however, criminal action against repeated infringement is provided.

Initial jurisdiction in infringement cases is lodged with the Court of First Instance, and appeal is provided as in other cases. Distinction is, however, made in reference to final orders or decisions of the Patent Commissioner. As

such orders and decisions mainly concern the right of the public and the patentee in general, it is provided in the draft that appeals therefrom go direct to the Supreme Court. Public interest demands prompt settlement of such cases.

The draft provides protection for industrial designs in accordance with the general policy of other countries.

Adequate fees are scheduled. It is believed that those fees will be commensurate with the work required, and at the same time provide sufficient revenue to maintain the Office.

The draft provides for the creation of a separate Patent Office administered by a Commissioner under the Department of Justice. This was done because the work involved is legal and technical in nature and should be handled by an officer having adequate qualification for the work. The placing of this Office under the Department of Justice would seem appropriate as much of the work is quasi-judicial in nature. Moreover, it is contemplated that the Patent Office will also administer the Trademark Act in the same manner as this function is performed by the United States Patent Office. The Office might also handle copy-right matters. Giving the agency a standing on this level will no doubt provide adequate and satisfactory administration that should command the respect of the public and foreign inventors, and will result in increased volume of business.

(Sgd.) JOSE J. ROY (Sgd.) PEDRO SA BACULIO
Congressman, 1st. District, Congressman for Oriental
Tarlac Misamis

(Sgd.) A. D. LOMUNTAD (Sgd.) PACIFICO F. LIM
Congressman, 3rd District, Congressman, 1st. District,
Samar Sorsogon

AN ACT CREATING A PATENT OFFICE, PRESCRIBING ITS POWERS AND DUTIES, REGULATING THE ISSUANCE OF PATENTS, AND APPROPRIATING FUNDS THEREFORE,

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

CHAPTER I—ORGANIZATION AND OPERATION

Section 1. *Patent Office.*—There is hereby created a "Patent Office" under the executive supervision of the Department of Justice, where all records, books, drawings, specifications, and other papers and things pertaining to patents shall be safely kept and preserved.

Sec. 2. *Officers and Employees of the Patent Office.*—The Patent Office shall be under the direction of a Commissioner who shall have an assistant to be known as Assistant Commissioner. The Commissioner and Assistant Commissioner shall be appointed by the President with the consent of the Commission on Appointments of the Congress of the Philippines, and shall hold office during good behavior. The Commissioner shall receive a salary of ten thousand pesos a year, and the Assistant Commissioner, a salary of seven thousand two hundred pesos a year.

To carry into effect the provisions of this Act, there shall also be in said office such other officers and employees as may be appointed by the Secretary of Justice upon recommendation of the Commissioner.

The term "Office" used in this Act means the Patent Office.

The term "Commissioner" used in this Act refers to the Commissioner of Patents or the Assistant Commissioner of Patents when acting as or performing the duties of the Commissioner.

Sec. 3. *Special technical and scientific assistance.* The Commissioner is empowered to obtain the assistance of technical, scientific or other qualified officers or employees of other departments, bureaus, offices, agencies and instrumentalities of the Government, including corporations owned, controlled or operated by the Government, when deemed necessary in the consideration of any matter submitted to the Office relative to the enforcement of the provisions of this Act.

Sec. 4. *Seal of Office.*—The Office shall have a seal with which patents and other papers issued by it shall be authenticated. The form and design of the seal shall be approved by the President of the Philippines.

Sec. 5. *Publication of laws and rules.*—The Commissioner shall print, or cause to be printed, and make available for distribution, pamphlet copies of the laws and of the rules and regulations of the Office, and may print circulars of information relating to matters within the jurisdiction of the Office.

Sec. 6. *Publication of certain matters in the Official Gazette.*—There shall be published in the Official Gazette a suitable view of the drawing, if there be a drawing, and the claims of each patent issued; the rules and regulations duly promulgated and the amendments thereto; an annual index of the names of inventors and patentees and the title of the inventions covered by the patents issued during each fiscal year; all notices and decisions required under this Act to be published; and such other information relating to patents and other matters within the jurisdiction of the Office, as may, in the discretion of the Commissioner, be useful to the public.

CHAPTER II—INVENTIONS PATENTABLE

Sec. 7. *Inventions patentable.*—Any invention of a new and useful machine, manufactured product or substance, process, or an improvement of any of the foregoing, shall be patentable.

Sec. 8. *Inventions not patentable.*—An invention shall not be patentable if it is contrary to public order or morals, or to public health or welfare, or if it constitutes a mere idea, scientific principle or abstract theorem not embodied in an invention as specified in Section seven hereof, or any process not directed to the making or improving of a commercial product.

Sec. 9. *Inventions not considered new or patentable.*—An invention shall not be considered new or capable of

being patented if it was known or used by others in the Philippines before the invention thereof by the inventor named in an application for patent for the invention; or if it was patented or described in any printed publication in the Philippines or any foreign country more than one year before the application for a patent therefor; or if it had been in public use or on sale in the Philippines for more than one year before the application for a patent therefor; or if it is the subject matter of a validly issued patent in the Philippines granted on an application filled before the filing of the application for patent therefor.

CHAPTER III—APPLICATION FOR PATENT

Sec. 10. *Right to patent.*—The right to the patent belongs to the true and actual inventor, his heirs, legal representatives or assigns. If two or more persons have an invention jointly the right to the patent belongs to them jointly. If two or more persons have made the invention separately and independently of each other, the right to the patent shall belong to the person who is the first to file an application for such invention, unless the contrary is shown.

Sec. 11. *Applications by non-residents.*—Any person filing an application for patent who is not a resident of the Philippines must appoint an agent or representative in the Philippines upon whom notice or process relating to the application or patent may be served. In the event of death, absence or inability of the agent or representative, a new agent or representative must be appointed and notice thereof must be filed in the Office. Upon failure to maintain an agent or representative of record in this Office, service on the Commissioner shall be deemed sufficient.

Sec. 12. *Who may apply for patent.*—An application for patent may be filed only by the inventor, his heirs, legal representatives or assigns.

Sec. 13. *The application.*—The application for patent shall be in English or Spanish, or in the national language with its corresponding English translation, and signed by the applicant, and shall include a statement giving the name, address, and citizenship or nationality of the applicant and of the inventor, if the applicant is not the inventor, and;

- (a) a specification;
- (b) drawings, where the invention can be shown by drawings;
- (c) power of attorney if the filing is through an attorney;
- (d) the assignment or a certified copy of the assignment of the invention for recording, where the application is filed by one who derives his title from the inventor, or proof of title if the derivation is not by assignment;
- (e) a sworn statement by the inventor of his inventorship; or such sworn statement may be made by his heirs or legal representatives in case of death or incapacity of the inventor; however, such sworn statement will not be

required if a certified copy of a previously filed foreign application containing the same is filed;

(f) the appointment of a resident agent or representative in cases coming under Section eleven thereof; and

(g) the required fee.

Sec. 14. *The specification.*—The specification shall include:

- (a) the title of the invention;
- (b) a brief statement of its nature and purpose;
- (c) a brief explanation of the drawings, where there are drawings;
- (d) a complete and detailed description of the invention such full, clear, concise and exact terms as to enable any person skilled in the art or science to which the invention relates to make and practice the invention; and
- (e) a distinct and explicit claim or claims of the subject matter which the applicant claims as new and seeks to have patented.

Sec. 15. *Applications previously filed abroad.*—An application for patent for an invention filed in this country by any person who has previously regularly filed an application for a patent for the same invention in a foreign country which, by treaty, convention, or law, affords similar privileges to citizens of the Philippines shall have the same force and effect as the same application would have if filed in this country on the date on which the application for patent for the same invention was first filed in such foreign country; *Provided*, That the application in this country is filed within twelve months from the earliest date on which any such foreign application was filed, and a certified copy of the foreign application was filed, and a certified copy of the foreign application together with a translation thereof into English, if not in the English language, is filed within six months from the date of filing in the Philippines, unless the Commissioner for good cause shown shall extend the time for fixing such certified copy.

CHAPTER IV—ISSUANCE OF PATENT

Sec. 16. *Formal examination of the application.*—When an application for patent has been filed, the Commissioner shall determine whether it complies with the formal requirements. If the application is defective in this respect, the applicant shall be notified of the specific defects and a time fixed, not less than four months, within which such defects may be remedied.

If the applicant fails to request reconsideration or to remedy the defects within the time fixed by the Commissioner, or within such additional time, not exceeding four months, as may be granted, the application shall be denied.

Sec. 17. *Multiple inventions in one application.*—If several independent inventions which are not so closely re-

lated as to be proper in one application are claimed, the Commissioner may require the application to be restricted to a single invention in the same manner as notifications of defects in the application. A later application filed for an invention divided out shall be considered as having been filed on the same day as the first application provided the later application is filed within four months after the requirement to divide becomes final, or within such additional time, not exceeding four months, as may be granted.

Sec. 18. *Issuance of Patent.*—If the original or corrected application is in order, the Commissioner shall issue the patent and shall, as soon as practicable, make the publication required by Section six, Chapter I hereof.

Sec. 19. *How issued.*—The patent shall be issued in the name of the Republic of the Philippines under the seal of the Office and shall be signed by the Commissioner, and registered together with the specification and drawings, if any, in books and records of the Office to be kept for the purpose.

Sec. 20. *Content of patent.*—The patent shall contain the patent number, the title of the invention, the name and residence of the inventor and of the patentee if the patentee be other than the inventor, the date on which the application was filed, the date on which it is issued, and a grant to the patentee, his heirs or assigns, of the exclusive right to the invention throughout the Republic of the Philippines for the term thereof. A copy of the specification and drawings shall be annexed to the patent and be a part thereof.

CHAPTER V—TERM OF PATENT

Sec. 21. *Term of patent.*—The term of patent shall begin on the date when the patent is issued as shown on the face thereof and shall expire seventeen years thereafter. However a patent shall cease to be in force and effect if the patentee fails to pay the prescribed annual fees within the prescribed times hereinafter provided or if the patent is cancelled in accordance with the provisions of the Act.

Sec. 22. *Annual fees.*—The first annual fee on a patent shall be due and payable on the expiration of four years from the date of issue. In a similar manner, annual fees on subsisting patents shall be due and payable on the fifth and each subsequent anniversary of the date of issue. If any annual fee is not paid within the prescribed time, a notice of the non-payment shall be published in the Official Gazette and the patentee shall have six months from date of the publication to pay the fee together with the surcharge required for the delayed payment. A notice of the lapsing of a patent for non-payment of any annual fee shall be published in the Official Gazette.

Sec. 23. *Reinstatement of a lapsed patent.*—Within two years from the date on which the first unpaid annual fee was due, a patent which has lapsed for non-payment of any annual fee may be reinstated upon payment of all annual fees then due and the surcharge for reinstatement, and upon proof satisfactory to the Commissioner that such non-payment was due to fraud, accident, mistake or ex-

cusable negligence; *Provided, however,* That such reinstatement shall not prejudice the rights acquired by a third person while the patent was not in force.

CHAPTER VI—SURRENDER, CORRECTION AND AMENDMENT OF PATENT

Sec. 24. *Surrender of patent.*—Any patentee, with the consent of all persons having grants or licenses or other right, title or interest in and to the patent and the invention covered thereby, which have been recorded in the Office, may surrender his patent or any claim or claims forming part thereof to the Commissioner for cancellation.

Sec. 25. *Correction of mistakes of Office.*—The Commissioner shall have the power to correct without fee any mistake in a patent incurred through the fault of the Office when clearly disclosed by the records thereof, to make the patent conform to the records.

Sec. 26. *Correction of mistakes of application.*—On payment of the prescribed fee the Commissioner is authorized to correct any mistake in a patent of a formal or clerical nature, not incurred through the fault of the Office.

Sec. 27. *Form and publication of amendment.*—Amendment or correction of a patent as provided in Section twenty-five and twenty-six hereof, shall be accomplished by a certificate of such amendment or correction authenticated by the seal of the Office and signed by the Commissioner, which certificate shall be attached to the patent if the patent has been returned to the Commissioner. Notice of such amendment or correction shall be published in the Official Gazette, and copies of the patent furnished by the Office shall include a copy of the certificate of the amendment or correction.

CHAPTER VII—CANCELLATION OF PATENTS

Sec. 28. *General ground for cancellation.*—Any person may on payment of the required fee petition the Commissioner within three years from the date of publication of the issue of the patent in the Official Gazette, to cancel the patent or any claim thereof, on any of the following grounds:

(a) that the invention is not new or patentable in accordance with Sections seven, eight and nine, Chapter II hereof;

(b) that the specification does not comply with the requirement of Section fourteen, Chapter III hereof; or

(c) that the person to whom the patent was issued was not the true and actual inventor or did not derive his rights from the true and actual inventor.

Sec. 29. *When patent may be cancelled at any time.*—A petition to cancel a patent on any of the grounds specified in the next preceding section may be filed at any time by the Solicitor-General.

Sec. 30. *Requirements of the petition.*—The petition for cancellation must be in writing and verified by the petitioner or by any person on his behalf who knows the facts, and shall specify the grounds upon which it is based, and include a statement of the facts to be relied upon. Copies of printed publications or of patents of other countries, or other supporting documents mentioned in the petition shall be filed therewith, together with the translation thereof into English, if not in the English language.

Sec. 31. *Notice and hearing.*—Upon the filing of a petition for cancellation, the Commissioner shall forthwith serve notice of the filing thereof upon the patentee and all persons having grants or licenses, or any other right, title or interest in connection with the patent and the invention covered thereby, as appears of record in the Office, and of notice of the date of hearing thereon on such persons and the petitioner. Notice of the filing of the petition shall be published in the Official Gazette.

Sec. 32. *Cancellation of the patent.*—If the Commissioner finds that a case for cancellation has been made out he shall order the patent or any specified claim or claims thereof cancelled. The order shall not become effective until the time for appeal has elapsed or, if appeal is taken, until the judgment on appeal becomes final. When the order or judgment becomes final, any rights conferred upon the patentee by the patent or any specified claim or claims cancelled thereby shall terminate. Notice of cancellation shall be published in the Official Gazette.

Sec. 33. *Cancellation for fraud on the inventor.*—In the case of the ground specified in paragraph (c), Section twenty-eight hereof, if the petition for cancellation is made by or on behalf of the true and actual inventor from whom the patentee fraudulently derived the invention and is successful on this ground, a patent may be obtained by such inventor, if he does not have a patent, notwithstanding any knowledge or use or publication of the patent cancelled: *Provided*, That the true and actual inventor shall file an application for patent for such invention within six months after the order of cancellation has become final. The term of such patent, however, shall expire seventeen years from date of issue of the patent cancelled.

CHAPTER VIII—COMPULSORY LICENSING

Sec. 34. *Grounds for compulsory license.*—Any person may apply to the Commissioner for the grant of a license under a particular patent at any time after the expiration of three years from the date of the grant of the patent, under any of the following circumstances:

(a) if the patented invention is not being worked within the Philippines on a commercial scale, although capable of being so worked, without satisfactory reason;

(b) if the demand for the patented article in the Philippines is not being met to an adequate extent and on reasonable terms, without satisfactory reason;

(c) if any reason of the refusal of the patentee to grant a license or licenses on reasonable terms, or by reason of the conditions attached by the patentee to licenses

or to the purchase, lease or use of the patented article or working of the patented process or machine of production, the establishment of any new trade or industry in the Philippines is prevented, or the trade or industry therein is unduly restrained; or

(d) if the patented invention relates to food or medicine or is necessary for public health or public safety.

The term "worked" or "working" as used in this section means the manufacture and sale of a patented article, or the carrying on of a patented process or the use of a patented machine for production, in or by means of a definite and substantial establishment or organization in the Philippines and on a scale which is adequate and reasonable under the circumstances.

Sec. 35. *Notice and hearing.*—Upon the filing of a petition under Section thirty-four hereof, notice be given in the same manner and form as that provided in Section thirty-one, Chapter VII hereof.

Sec. 36. *Grant of license.*—If the Commissioner finds that a case for the grant of a license under Section thirty-four hereof has been made out, he may order the grant of an appropriate license, and in default of agreement among the parties as to the terms and conditions of the license, he shall fix the terms and conditions of the license in the order.

The order of the Commissioner granting a license under this Chapter, when final, shall operate as a deed granting a license executed by the patentee and the other parties in interest.

CHAPTER IX —RIGHTS OF PATENTEES AND INFRINGEMENT OF PATENTS

Sec. 37. *Rights of patentees.*—A patentee shall have the exclusive right to make, use and sell the patented machine, article or product, and to use the patented process for the purpose of industry or commerce, throughout the territory of the Philippines for the term of the patent; and such making, using, or selling by any person without the authorization of the patentee constitutes infringement of the patent.

Sec. 38. *Experimental use of invention.*—The making or using of a patented invention when not conducted for profit and solely for the purpose of research or experiment, or for instruction, shall not constitute infringement.

Sec. 39. *Temporary presence in the country.*—No patent shall prevent the use of any invention in any ship, vessel, air craft, or land vehicle of any other country entering the territory of the Philippines, temporarily or accidentally, and such use shall not constitute infringement of the patent, provided such invention is used exclusively for the needs of the ship, vessel, aircraft, or land vehicle and not used for the manufacture of anything to be sold within or exported from the Philippines.

Sec. 40. *Rights of third parties prior to application.*—Any person who has purchased or acquired of the inven-

for, his legal representatives, or assigns, or who, with their knowledge and consent, constructs any newly invented device or other patentable article, prior to the filing of the application therefor, shall have the right to use and sell the specific thing purchased, acquired or made, without liability therefor.

Sec. 41. *Use of invention by the government.*—The government of the Philippines may use any patented invention at any time for governmental purposes, and the manufacture or use of the invention by or for the government for such purposes shall not constitute infringement of the patent, but the patentee shall be entitled to receive a reasonable compensation for the use of the invention.

CHAPTER X—ACTIONS AND REMEDIES FOR INFRINGEMENT

Sec. 42. *Civil action for infringement.*—Any patentee, or anyone possessing any right, title or interest in and to the patented invention, whose rights have been infringed, may bring a civil action before the proper Court of First Instance, to recover from the infringer damages sustained by reason of the infringement and to secure an injunction for the protection of his rights.

If the damages are inadequate or cannot be readily ascertained with reasonable certainty, the court may award as damages a sum amounting to a reasonable royalty.

The court may, according to the circumstances of the case, award damages in sum above the amount found as actual damages sustained provided the award does not exceed three times the amount of such actual damages.

Sec. 43. *Limitation of action for damages.*—No damages can be recovered for acts of infringement committed more than four years before the institution of the action for infringement.

Sec. 44. *Damages not recoverable for want of notice or marking.*—Damages cannot be recovered for acts of infringement committed before the infringer had actual notice of the patent, unless the patentee or those exploiting the invention on his behalf or under his authorization have given notice to the public that the machine, device, articles or process is patented either by placing thereon the words "Philippines Patent" with the number of the patent, or when from the nature of the article this cannot reasonably be done, by placing such notice on the package or container in which the device or article is supplied to the public, or in descriptive or advertising matter used in connection with the patented machine, device, article or process.

Sec. 45. *Defenses in action for infringement.*—In an action for infringement the defendant, in addition to other defenses available to him, may show the invalidity of the patent or any claim thereof on any of the grounds on which a petition of cancellation can be brought under Section twenty-eight, Chapter VII hereof.

Sec. 46. *Patent found invalid to be cancelled.*—If the Court shall find the patent or any claim thereof invalid, the Commissioner shall, on certification of the final judg-

ment to the Office, issue an order canceling the patent or the claims found invalid, and shall publish a notice thereof in the Official Gazette.

Sec. 47. *Assessors in infringement action.*—Two or more assessors may be appointed by the Court. The assessors shall be so qualified by the necessary scientific and technical knowledge required by the subject matter in suit. Either party may, as a preliminary question, challenge the fitness of any assessor to sit in an action.

Each assessor shall receive a compensation in an amount to be fixed by the court and advanced by the complaining party, and thereafter to be taxed as costs in favor of the prevailing party.

Sec. 48. *Criminal action for repetition of infringement.*—If infringement is repeated by the infringer or by anyone in connivance with him after final judgment of the court against the infringer, the parties liable shall, without prejudice to further civil action, be punished by a fine not exceeding ten thousand pesos and imprisonment not exceeding five years, or both such fine and imprisonment in the discretion of the court, in a criminal action instituted for the purpose. The criminal action herein provided shall prescribe in two years.

Sec. 49. *Appeal.*—Appeal may be taken from the judgment of the court in the civil and criminal actions herein provided in the same manner as in other actions.

CHAPTER XI—ASSIGNMENT AND TRANSMISSION OF RIGHTS

Sec. 50. *Transmission of rights.*—Patent and the inventions covered thereby shall be protected as and have the applicable rights of other property. Inventions and any right, title or interest in and to patents and inventions covered thereby may be assigned, or transmitted by inheritance or bequest.

Sec. 51. *Assignment of Inventions.*—An assignment may be of the entire right, title or interest in and to the patent and the invention covered thereby, or of an undivided share of the entire patent and invention in which event the parties become joint owners thereof. An assignment may be limited to a specified territory.

Sec. 52. *Form of Assignment.*—The assignment must be in writing, acknowledged before a notary public or other officer authorized to administer oaths or perform notarial acts and certified under the hand and official seal of the notary or other officer.

Sec. 53. *Recording.*—The Commissioner shall record assignments, licenses and other instruments relating to any right, title or interest in and to inventions, and patents or inventions covered thereby, which are presented in due form to the Office for registration, in books and records kept for the purpose. The original document together with a signed duplicate thereof shall be filed, but if the original is not available, an authenticated copy thereof in duplicate may be filed. Upon recording, the Commissioner shall

retain the duplicate, and return the original or the authenticated copy to the party filing with a notation of the fact of record. Notice of the recording shall be published in the Official Gazette.

Such instruments shall be void as against any subsequent purchaser or mortgages for a valuable consideration and without notice unless it is recorded in the Office within three months from the date thereof, or prior to the subsequent purchase or mortgage.

Sec. 54. *Rights of joint owners.*—If two or more persons jointly own a patent and the invention covered thereby either by the issuing of the patent to them jointly or by reason of the assignment of an undivided share in the patent and invention or by reason of the succession in title to such share, each of the joint owners shall be entitled to personally make, use, or sell the invention for his own profit, subject to any contract or agreement, but neither of the owners shall be entitled to grant licenses or to assign his right, title or interest or part thereof without the consent of the other owner or owners, or without proportionately dividing the proceeds with the other owner or owners.

CHAPTER XII—DESIGNS

Sec. 55. *Industrial designs.*—Any new and original creation relating to the features of shape, pattern, configuration, ornamentation, or artistic appearance of an article or industrial product may be protected as an industrial design by the author in the same manner and subject to the same provisions and requirements as relate to patents for inventions insofar as they are applicable, except as otherwise hereinafter provided.

Sec. 56. *Six months publication.*—The period of one year specified in Section nine, Chapter II, and Section fifteen, Chapter III, hereof, for inventions shall be six months in the case of designs.

Sec. 57. *Notice of registration shall be published.* Notice of the registration of the design shall be published in the Official Gazette.

Sec. 58. *Term and extension thereof.*—The term of the design registration shall be five years from the date of registration.

Before the expiration of the five-year term upon payment of the required fee, or within a further time thereafter not to exceed six months, upon payment of the surcharge, the owner of the registration may apply for an extension or an additional five years. The application for extension must be accompanied by an affidavit showing that the design is in commercial or industrial use in the Philippines or satisfactorily explaining nonuse. In a similar manner an extension for a third five-year period may be obtained.

Sec. 59. *Marking.*—The marking required by Section forty-four, Chapter X, hereof, shall be "Philippines Design Registration", or appropriate abbreviation, and the number of the registration.

Sec. 60. *Infringement.*—Infringement of a design registration shall consist in unauthorized copying of the registered design for the purpose of trade or industry in the article or product and in the making, using or selling of the article or product copying the registered designs. Identity or substantial identity with the registered design shall constitute evidence of copying.

CHAPTER XIII—REVIEW OF ORDERS OR DECISIONS OF COMMISSIONER

Sec. 61. *Appeal from action of Commissioner.*—The applicant for a patent or for the registration of a design, any party to a proceeding to cancel a patent or to obtain a compulsory license, and any party to any other proceeding in the Office may appeal to the Supreme Court from any other final order or decision of the Commissioner.

Sec. 62. *Stay.*—A petition for review of any order or decision of the Commissioner rejecting in whole or in part an application for a patent or registration of a design, shall not stay any order or decision of the Commissioner in respect of any other applications then pending for a patent or design registration; but the Commissioner shall proceed to act on such other applications without regard to such petition unless the Supreme Court shall otherwise direct.

Sec. 63. *How appeal is perfected.*—An appeal from an order or decision of the Commissioner shall be perfected by filing with the Commissioner a notice of appeal and the payment of the required appeal fee and filing with the Supreme Court a petition for review, within thirty days from notice of the order or decision appealed from.

Sec. 64. *Contents and notice of petition.*—The petition shall contain a summary statement of the issues involved and the reasons relied upon for allowances of a review. Copies of the petition shall be served upon the Commissioner, and all other parties in interest.

Sec. 65. *Docketing fee and deposit for costs.*—Upon filing the petition for review, the petitioner shall pay to the Clerk of the Supreme Court the docketing fee and shall deposit the sum of one hundred pesos for costs.

Sec. 66. *Elevation of copy of record.*—Upon the filing of the petition, notice thereof shall be served by the Clerk of the Supreme Court upon the Commissioner, who, within thirty days thereafter, shall certify and forward to the Supreme Court a copy of the record as the same appears in his Office.

Sec. 67. *Answer of respondent.*—Upon receipt of the record, the Clerk of the Supreme Court shall serve notice upon the Commissioner and all other parties in interest, requiring them to answer within ten days from service. Copies of such answer shall be served upon the petitioner.

Sec. 68. *Power of court.*—The Supreme Court may, on petition filed within five days after the filing of the answer, allow the parties to adduce additional evidence material to the matter at issue, which shall constitute a sup-

plementary record to be considered in connection with the record on appeal.

Sec. 69. *Representation by Solicitor-General.*—In all appeals from an order or decision of the Commissioner, the Solicitor-General shall appear on behalf of the Commissioner.

Sec. 70. *Briefs on appeal.*—Upon receipt of the answer to the petition or upon conclusion of the presentation of additional evidence, the Clerk of the Supreme Court shall notify the parties, and the petitioner, within thirty days from such notice, shall file twenty copies thereof upon the adverse parties and, within thirty days from such service, the adverse parties shall file twenty copies of their brief together with proof of service of five copies of thereof upon petitioners.

Sec. 71. *Inclusion in calendar.*—Upon the filing of the respondent's brief, or after the expiration of the time for its filing, the case shall be included in the regular calendar, unless the court advances the hearing for special cause shown.

Sec. 72. *Oral argument, its duration.*—Each party is entitled to one hour for oral argument, extendible in the discretion of the court.

Sec. 73. *Rules of Court applicable.*—In all other matters not herein provided, the applicable provisions of the Rules of Court shall govern.

CHAPTER XIV—PENALTY FOR FALSE MARKING

Sec. 74. *Penalty for false marking.*—Any person who falsely represents or indicates that any device, article or product made or sold by him is patented, or is the subject of a registered design, by marking or having on the device, article or products, or on their containers or packages, or using in advertising or displays used in connection with them, or with any process, words expressing or implying that the device, article, product or process is patented or registered, shall be subject to a fine of not less than one hundred pesos nor more than one thousand pesos, or imprisonment for not less than one month nor more than one year, or both, in the discretion of the court. Actions hereunder shall prescribed in two years.

Sec. 75. *Fees.*—The following fees shall be paid:

For filing an application for patent, which shall include the cost of publication in the Official Gazette, two hundred pesos;

For annual fees due at the beginning of the fifth and each succeeding year, one hundred pesos each year;

For surcharge for delayed payment of an annual fee, twenty-five pesos;

For reinstating lapsed patent, one hundred pesos;

For filing a petition for cancellation, except when filed by the Solicitor-General, fifty pesos;

For filing a petition for a compulsory license, one hundred pesos;

For copies of records of the Office, two pesos per photostat sheet, one peso per hundred words of typewritten copy;

For each certification of copy of any records, ten pesos;

For recording assignments, and other documents relating to title, and license, ten pesos;

For notice of appeal from the order or decision of the Commissioner, twenty-five pesos;

For filing application for registration of a design, fifty pesos;

For renewing design registration fifty pesos, fifty for surcharge for delayed renewal of design registration, twenty pesos; and

For services not otherwise specified, the Commissioner shall provide, by regulation, the fees therefor.

CHAPTER XVI—MISCELLANEOUS

Sec. 76. *Certain priority rights for filing application extended.*—The rights of priority provided by Section nine, Chapter II; Section fifteen, Chapter III; and Section fifty-six, Chapter XII hereof for the filing of applications for patent for inventions and designs, which rights had not expired on the 8th day of December, 1941, or which rights have arisen since the 8th day of December, 1941, are extended until the first day of July, 1948, in favor of the citizens of the Philippines or citizens or subjects of countries which have extended, or which now extend, or which within said period ending the first day of July, 1948, shall extend substantially reciprocal privileges to citizens of the Philippines.

Sec. 77. *Disqualification of officers and employees from acquiring patents and design registrations.*—All officers and employees of the Office shall not, during their employment and for one year thereafter, apply for a grant of patent or for the registration of a design, or acquire, directly or indirectly, except by hereditary succession, any patent of invention or design registration, or any right, title or interest therein.

Sec. 78. *Rules and Regulations.*—The Commissioner, subject to the approval of the Secretary of Justice, shall promulgate the necessary rules and regulations, not inconsistent with the law, for the conduct of all business in the Patent Office.

Sec. 79. *Records to be public.*—The records of the Office shall be open to public inspection, and any person may obtain an authenticated copy thereof on payment of the prescribed fees.

Sec. 80. *Repealing clause.*—Acts Numbered Twenty-two hundred and Thirty-five, Twenty-seven hundred and

Ninety-three, as amended, and all other acts, or parts of acts, inconsistent herewith, are hereby repealed.

Sec. 81. *Reservation of prior rights.*—Any rights acquired under laws existing prior to the taking effect of this Act are hereby respected and preserved.

Sec. 82. *Appropriation.*—The sum of one hundred thousand pesos, or so much thereof as may be necessary, is hereby appropriated out of any funds in the National Treasury not otherwise appropriated, for the initial expenses of the Office, including organization expenses, salaries, supplies, equipment, and other sundry expenses until June 30, 1948.

Sec. 83. *Effective date.*—This Act shall take effect on its approval.

THE SPEAKER. Period of amendments.

MR. BORRA. Mr. Speaker, on page 3, line 15, change the word "more" to "mere."

On line 31, the letter "l" at the end of the line should be deleted.

On page 4, line 14, insert the letter "f" before the word "or", making it "for".

On page 12, line 28, between the words "notice" and "be", insert the word "shall".

On page 14, line 23, delete the second "r" after the word "fringer".

On page 16, line 4, delete the letter "e" at the end of the syllable "fice".

On page 18, line 15, delete the letters "nan" and change it to "an".

On page 20, line 14, the word "invloed" should read "involved".

On page 21, line 16, delete the word "thereof" and insert in lieu thereof the following words: "of his brief".

On line 19, same page, the word "of" appearing between the words "copies" and "thereof" should be deleted.

On the same page line 27, "discreation" should be spelled "discretion", deleting the "a".

On page 22, line 14, the letter "d" in the word "prescribed" should be deleted.

On page 23, line 8, strike out the first word "fifty".

Strike out the last letter in the last word of the title so that the word "therefore" should read "therefor."

MR. TOPACIO NUENO. Mr. Speaker, will the gentleman yield?

THE SPEAKER. The gentleman may yield, if he so desires.

MR. BORRA. With pleasure.

MR. TOPACIO NUENO. It seems to me that this bill is defective, and that the Committee on Style did not polish it very well, the way the gentleman amends it. There are so many corrections. Are there many more amendments?

MR. BORRA. No more.

THE SPEAKER. Is there any objection to the amendments? (*Silence.*) The Chair does not hear any. The amendments are approved.

MR. TOPACIO NUENO. Mr. Speaker.

THE SPEAKER. Gentleman from the North District of Manila.

MR. TOPACIO NUENO. I have just seen this bill. I will not oppose this bill in general but I should like to present an amendment as to the salaries of the Commissioners. The Commissioner is given a salary of P10,000, and the Assistant Commissioner, P7,200 which are bigger than the salary of the Senators. I believe that it should be reduced to P7,200 for the Commissioner and P6,000 for the Assistant Commissioner. I believe, Mr. Speaker, that that is reasonable to begin with. I therefore propose to strike out the words "ten thousand" appearing on line 15, page 1, and in lieu thereof insert the words "SEVEN THOUSAND TWO HUNDRED"; and on the same page, line 16, I also propose to change the word "seven" with the word "SIX" and, on line 17, I propose to strike out the words "two hundred".

THE SPEAKER. Is there any objection to the amendment? (*Silence.*) The Chair does not hear any. The amendment is approved.

MR. TOPACIO NUENO. Mr. Speaker, another amendment as to the sum of P100,000 on the last page, page 24, "Sec. 82.—Appropriation". May we not reduce this to P50,000?

THE SPEAKER. What does the Committee say?

MR. ROY. I believe the appropriation of P100,000 will be just the right appropriation for this purpose. However, the amount spent may be less. This patent office will also absorb the offices under the Bureau of Commerce in charge of trade-marks and copyrights. This will be a patent office to take charge of trade-marks and copyrights which were formerly under the Bureau of Commerce and there will be some outlay for equipment especially and perhaps for some additional employees as what the Bureau of Commerce used to have for these three offices. Three offices will be under this patent office.

MR. TOPACIO NUENO. It says in Section 1 of the bill that the Commissioner will use employees of other offices. For what is this P100,000?

MR. ROY. This office will have personnel of its own, even only for administrative purposes. Even for the purchase of equipment and transfer of buildings there will be a considerable outlay as we are creating a new office, especially when this office will handle also trade-marks and copyrights as well as patents.

MR. TOPACIO NUENO. The bill says the office will use the employees of other offices.

MR. ROY. That refers to the technical men who will be consulted.

MR. TOPACIO NUENO. Why not itemize all of the items, because, Mr. Speaker, I will not object to this if we have not had a bitter lesson. We always give a lump sum, and, afterwards, they send here the budget, and we find out that all of the money is spent and we regret afterwards that we have given a lump sum. We must itemize every item.

MR. ROY. The P100,000 may not all be spent.

MR. TOPACIO NUENO. Then, why give P100,000?

MR. ROY. That is why there is the provision there "or so much thereof as may be necessary"—

MR. TOPACIO NUENO. Experience has shown that if we give them P100,000 they spend the P100,000 plus another P100,000. They always spend everything and ask for more.

MR. ROY. It will not be practicable to itemize the items because these offices will be created for the first time.

MR. TOPACIO NUENO. Why not itemize here how much is appropriated for that clerk, how much for the stenographer, how much for equipment?

MR. ROY. After the first fiscal year of this office, it shall be included in the budget. That has always been the legislative practice in the creation of new offices.

MR. TOPACIO NUENO. Of course, I do not want to obstruct the program of the Liberal Party, to which I may still belong; so, I will just leave this matter to you, gentlemen—but I insist that this be itemized. I am doubting how they will again spend this. I remember the Department of Foreign Affairs. We gave them three million pesos and then afterwards they created the division on Africa affairs; they sent a mission to Cairo, to Morocco, and things like those: Is it not possible to itemize this appropriation?

MR. ROY. It is not practicable especially when this is going to be established for the first time.

MR. TOPACIO NUENO. That is all, thank you.

MR. FORMILLEZA. Mr. Speaker, for an amendment on page 1, line 9, instead of "Commissioner", put "Director"; and on line 10, change the word "Assistant Commissioner" to "Assistant Director" and everywhere in the bill where the word "Commissioner" appears, change it to "Director".

MR. ROY. I object to the amendment.

MR. FORMILLEZA. I should like to explain my amendment.

THE SPEAKER. The gentleman from Romblon has the floor.

MR. FORMILLEZA. As the gentleman from Manila (Mr. Topacio Nueno) said, the government is fond of creating new offices and providing thereof high salaries. This is a new office to be headed by a Commissioner which provides for a salary of P10,000.00 a year and an Assistant Commissioner with a salary of P7,200.00 a year. The gentleman from Manila is correct in saying that this government should provide for a humble office. Why should we create a commission right away for a patent office? If we allow this word "Commissioner" to remain in the bill, they will be clamoring to Congress to increase the salary from P10,000.00 to P15,000.00, and there will be no limit anymore. We are giving here all kinds of reasons for decreasing

salaries. It is high time that we should put a break on these expenditures. We are trying to abolish new positions in the budget, and we are determined to reduce and disapprove all salary increases but here we are creating a commission. We should create a humble office rather than provide with a commissioner with a salary of P10,000.00. That is why I introduced this amendment to change the word "Commissioner" to "Director" so that it will be provided with a lesser salary.

THE SPEAKER. What does the Committee say?

MR. ROY. Mr. Speaker, I am wondering whether the distinguished gentleman from Romblon has read the provisions of the bill. This office is constituted into a commission and with the chief of the office called as commissioner for the simple reason that this patent office is not an ordinary office or an ordinary bureau. The powers and functions of this office are very important.

MR. TOPACIO NUENO. Mr. Speaker, will the gentleman yield?

THE SPEAKER. The gentleman may yield, if he so desires.

MR. ROY. With pleasure.

MR. TOPACIO NUENO. We have reduced the salary for the head of this office to P7,200.00. Will the gentleman agree then to call the head director instead of commissioner?

MR. ROY. As a matter of fact, I will ask for a reconsideration of the salary of P7,200.00 after I am through explaining the composition of this office. If the gentlemen will be patient, I should like to give some explanations regarding the constitution of this office.

MR. TOPACIO NUENO. Will the gentleman insist on calling him a commissioner if we give him a salary of P7,200.00?

MR. ROY. I will ask for the reconsideration of the salary, as I said, and I would explain the formation of this office.

MR. TOPACIO NUENO. But the gentleman cannot ask for the reconsideration of the salary as he did not vote in the affirmative. The gentleman from Tarlac is estopped.

SUSPENSION OF THE SESSION

THE SPEAKER. The session of the House is suspended for a few minutes.

RESUMPTION OF THE SESSION

THE SPEAKER. The session is resumed.

MR. FORMILLEZA. Mr. Speaker, I should like to restate my amendment. On page 1, line 9, substitute the word "Commissioner" with the word "DIRECTOR"; on line 10, substitute the words "Assistant Commissioner" with the words "ASSISTANT DIRECTOR"; and in all other succeeding lines and succeeding pages, change the words "Commissioner" and "Assistant Commissioner" to "DIRECTOR" and "ASSISTANT DIRECTOR" respectively.

THE SPEAKER. What does the Committee say?

MR. ROY. The Committee has objection.

THE SPEAKER. Is there any objection on the part of the House? (*There was none.*) The amendment is approved.

Is there any further amendment?

MR. RAÑOLA. Mr. Speaker, on page 24, line 18, I propose to reduce the sum appropriated, from P100,000.00 to P50,000.00.

THE SPEAKER. What does the Committee say?

MR. ROY. The Committee would be agreeable to P75,000.00.

MR. RAÑOLA. I agree.

THE SPEAKER. Is there any objection on the part of the House? (*There was none.*) Approved.

MR. TOPACIO NUENO. Mr. Speaker, I should like to ask the sponsor some questions in connection with Sec. 82, page 24.

THE SPEAKER. The gentleman from Tarlac may answer, if he so desires.

MR. ROY. With pleasure.

MR. TOPACIO NUENO. This may either be clerical error or a rider. Section 82 says that the sum of one hundred thousand pesos is appropriated for the initial expenses until June 30, 1948. Does it

mean that the amount of P100,000 will be spent until June 30, 1948, or next year?

MR. ROY. Precisely, this amount is appropriated for the establishment and creation of this office until that period only; thereafter, the appropriation for that office will be included in the regular budget of the government. I should like to call the attention of the gentleman to the fact that this amount has been amended.

MR. TOPACIO NUENO. How much is the amount now?

MR. ROY. P75,000.00.

MR. TOPACIO NUENO. I still want to know from the sponsor about these furniture and equipment. What are these furniture and equipment?

MR. ROY. They are the ordinary equipment that an office usually needs.

MR. TOPACIO NUENO. Including automobiles?

MR. ROY. There is nothing about automobiles in these furniture and equipment.

MR. TOPACIO NUENO. How about the name—director?

MR. ROY. Yes. It is already approved.

MR. RAÑOLA. Mr. Speaker, will the gentleman yield?

THE SPEAKER. The gentleman may yield, if he so pleases.

MR. ROY. With pleasure.

MR. RAÑOLA. Under what department is this?

MR. ROY. This patent office will be for administrative purposes under the Department of Justice. The reason is that the functions given to the head of this office is quasi judicial in nature, because the decisions or orders of the director shall be appealable direct to the Supreme Court. It is formally denominated commissioner, because the functions given him under this law is quasi judicial.

MR. RAÑOLA. Did not the Committee think of placing that office directly under the office of the President?

MR. ROY. I believe it can be better administered

under the Department of Justice in view of the fact that the actuations of the head of this office are quasi judicial in nature.

MR. SPEAKER, if there is no more question, I move that the bill as amended be approved.

THE SPEAKER. As many as are in favor of the bill, as amended, will please say *Aye*. (A majority: *Aye*.) As many as are against will please say *No*. (A minority: *No*.) The bill, as amended, is approved on second reading.

CONSIDERATION OF HOUSE BILL NO. 1160

THE SPEAKER. The consideration of House Bill No. 1160 is now in order. The Secretary will read the bill.

THE SECRETARY, *reading*:

EXPLANATORY NOTE

In creating the Patent Office, it is contemplated to place under its control and jurisdiction, the registration and protection of all intellectual property. It is a part of the scheme to place under the jurisdiction of said office the registration and protection of copyright which is an intellectual property. This holds true in England and other European countries.

It is therefore proposed in the attached bill to transfer the powers, duties, and functions of the National Library, in connection with the registration and protection of copyrights, to the Patent Office.

(Sgd.) JOSE M. REYES
Congressman, 3rd District, Capiz

(Sgd.) PEDRO G. ALBANO
Congressman, 2nd District, Ilocos Norte

(Sgd.) PACIFICO LIM
Congressman, 1st District, Sorsogon

AN ACT TO PROVIDE FOR THE TRANSFER OF THE POWERS, DUTIES AND FUNCTIONS RELATING TO THE REGISTRATION AND PROTECTION OF COPYRIGHTS FROM THE NATIONAL LIBRARY TO THE PATENT OFFICE, AND FOR OTHER PURPOSES.

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

Section 1. *Transfer of powers from National Library to Patent Office.*—The powers, duties and functions vested in, or performed and exercised by, the National Library in connection with the registration of copyrights are hereby transferred to the Patent Office.

All books, records and files of the National Library relating to copyrights, and such personnel of said National Library as is now discharging the functions or performing the duties of the National Library in connection with the registration of copyrights with the corresponding appropriation, are transferred to the Patent Office, and the Budget Commissioner shall make immediate provision for such transfer.

Sec. 2. This Act shall take effect on its approval.

THE SPEAKER. The gentleman from Sorsogon has the floor.

REMARKS OF THE SPONSOR,
CONGRESSMAN LIM

MR. LIM. Mr. Speaker and Gentlemen of the House: House Bill No. 1160 is a companion bill to the patent office which we have just approved. This measure seeks to transfer the powers, duties, and functions vested in, or performed by the National Library regarding the registrations of copyrights to the patent office. This does not need any new appropriation; this does not create any new office. If there is no objection, I move that the bill be approved.

THE SPEAKER. As many as are in favor of the bill will please say *Aye*. (*A majority: Aye.*) As many as are against it will please say *No*. (*A minority: No.*) The bill is approved on second reading.

CONSIDERATION OF SENATE BILL
NO. 163

THE SPEAKER. The consideration of Senate Bill No. 163 is now in order. The Secretary will read the bill.

THE SECRETARY, *reading*:

EXPLANATORY NOTE

The attached bill seeks to amend section 1838 of the Revised Administrative Code, as amended by Act No. 382 and Commonwealth Act No. 100, so as to include plantation for the raising of medicinal plants or trees of economic value among the purposes for which permits or leases may be granted for special uses of forest lands. It also fixes the maximum area for these to 2,000 hectares and that for saltworks to 200 hectares extends the period of all permits to a maximum of 25 years. These particular uses of public forest land are in line with the economic and industrial development program of the Philippines and should be given ample impetus. They are long term projects and to undertake and develop any of these projects in a large scale will require the investment of considerable capital which will be tied up for many years before it could be recovered, not to say yield return to the investment.

In case of plantation of medicinal plants or trees of economic value, the granting of large areas is necessary so as to make possible the practice of rotation by blocks or compartments in the raising and harvesting of the trees or products desired and thus insure continuous operations. The immediate approval of this bill is hereby enjoined.

(Sgd.) PROCESO E. SEBASTIAN
Senator

AN ACT TO FURTHER AMEND SECTION EIGHT. EEN HUNDRED THIRTY-EIGHT OF ACT NUMBERED TWENTY-SEVEN HUNDRED AND ELEVEN, KNOWN AS THE REVISED ADMINISTRATIVE CODE, AS AMENDED BY ACT NUMBERED THIRTY-EIGHT HUNDRED AND TWENTY AND COMMONWEALTH ACT NUMBERED ONE HUNDRED.

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

Section 1. Section eighteen hundred and thirty-eight of Act Numbered Twenty-seven hundred and eleven, known as the Revised Administrative Code, as amended by Act Numbered Thirty-eight hundred and twenty and Commonwealth Act Numbered One hundred, is hereby further amended to read as follows:

"Sec. 1838. *Leasing of forest land for special purposes.*—The Director of Forestry with the approval of the Secretary of Agriculture and Commerce, may, upon such terms as he may deem reasonable, lease or grant to any Filipino citizen or association of person duly incorporated and authorized by the Constitution to acquire lands of the public domain, permits for the use of forest lands or vacant public lands not declared agricultural land, for a period not exceeding twenty five years, for the establishment of sawmills, lumber yards, timber depots, logging camps, (and) rights-of-way and plantations for the raising of nipa and/or other palms, bacauan, medicinal plants or trees of economic value, and for the construction of hotels, sanatoria, bathing establishments, residences, or (for) camps, fishponds, saltworks (nipa and bacauan plantations) pastures for large or small cattle or for other lawful purposes (in) for an area not exceeding twenty-four hectares: *PROVIDED, that* (except in so far as fishponds, nipa and bacauan plantations, pastures and rights-of-way are concerned, for which) the maximum area shall (be) not exceed two thousand hectares for pastures and plantations for the raising of medicinal plants or trees of economic value and two hundred hectares for fishponds, saltworks, (and) nipa and/or other palms or bacauan plantations, and (for) rights-of-way, (the area of the land that may be leased shall be such as may actually and reasonably be necessary to carry out the purpose for which such lease is requested).

"Any person or association of persons occupying or using any part of the forest land or vacant public land not declared agricultural land without permit or lease as above required shall be liable to the payment of twice the regular rentals now or hereafter provided for by regulations for such kind of use (during) corresponding to such (time) period that the area is illegally used or occupied. *The holder of a permit or lease shall, upon his failure to pay the*

regular rental charges prescribed in the permit or lease, be liable to the payment of additional charges from ten to one hundred per centum of such regular rental charges now or hereafter provided for by regulations promulgated under this act."

Sec. 2. All acts or parts of acts inconsistent with the provisions of this Act are hereby repealed.

Sec. 3. This Act shall take effect upon its approval.

THE SPEAKER. The sponsor, the gentleman from Agusan, has the floor.

REMARKS OF THE SPONSOR, CONGRESSMAN CALO

MR. CALO. Mr. Speaker and Gentlemen of the House: This bill seeks to increase the period for which leases or permits may be granted by the Director of Forestry with the approval of the Secretary of Agriculture and Commerce for the use of lands not declared agricultural. It includes among those purposes, the establishment of saw-mills, lumber yards, timber depots, logging camps, rights-of-way and plantations for the raising of nipa and/or other palms, bacauans, medicinal plants or trees of economic value. This also includes a provision whereby failure to pay the regular rental charges prescribed in the permit or lease, the holder shall be liable to the payment of additional charges from ten to one hundred per centum of such regular rental charges now or hereafter provided for by regulations promulgated under this Act.

Mr. Speaker, if there is no objection, I move that the bill be unanimously approved.

THE SPEAKER. As many as are in favor of the bill will please say *Aye*. (*A majority: Aye.*) As many as are against will please say *No*. (*Silence.*) The bill is approved on second reading.

The consideration of Senate Bill No. 666 is now in order.

MR. LEUTERIO. Mr. Speaker, I move that we consider this bill later on.

THE SPEAKER. Is there any objection? (*Silence.*) The Chair does not hear any. The consideration of the bill is postponed.

CONSIDERATION OF HOUSE BILL NO. 1142

THE SPEAKER. The consideration of House Bill

No. 1142 is now in order. The Secretary will read the bill.

THE SECRETARY, reading:

EXPLANATORY NOTE

Under Section 18 of the Philippine Tariff Act of 1909, as amended also by Act No. 4034 of the Philippine Legislature, the consular invoice accompanying every shipment of merchandise from foreign countries exceeding P200 in value must be produced to and certified by the consul, vice-consul, or commercial agent of the United States of the consular district in which the merchandise was manufactured or purchased. This practice was carried on in the past when the Philippines was still a possession of the United States. Now that she is independent and has consular representatives abroad, it is proper and fitting that such consular invoice should be produced to the consular officer of the Philippines assigned abroad. Hence, Section 10 of the Tariff Law referred to should be amended so as to require the production of the consular invoice to the Philippine consular officer of the consular district in which the merchandise was manufactured or purchased or from which it is shipped.

The certification of invoice covering shipments to the Philippines of American products exceeding P200 in value is a good source of revenue. According to the reports of our consulates in the United States, the Philippine Government could collect about P500,000 annually from that source, thereby making its consular establishments in the United States self-supporting.

The practice of requiring the production of consular invoices covering importations of foreign merchandise is universal. The purposes for which such consular invoices is required is threefold:

(1) To have basis in collecting customs duties imposed on the value of the merchandise, and in imposing fines due to under-valuation;

(2) To use in checking up the quantities, weights, and measures of imported merchandise in order to detect fraudulent entries; and

(3) To serve as basis in imposing penalty duties on certain imports under the anti-dumping and other penal laws of the Philippines applied to importations of foreign goods.

Section 19 of the Philippine Tariff Law should also be amended so as to require Philippine consular officers stationed abroad, instead of the consuls, collectors of customs, or trade commissioners of the United States, to report to the Collector of Customs in the Philippines, through the Secretary of Foreign Affairs, any case or practice of foreign shippers or exporters to defraud the revenue of the Philippine Government; except of course in countries where there are no Philippine consular representatives in which case American consular officers, in pursuance of Article III of the treaty of general relations between the Philippines and the United States, should certify invoices cover-