

AMENDING REPUBLIC ACT NUMBERED THREE THOUSAND EIGHT HUNDRED FIFTY, OTHERWISE KNOWN AS THE "PHILIPPINE INVENTORS INCENTIVES ACT"

PRESIDENTIAL DECREE NO. 1423, June 09, 1978

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WHEREAS, it is the policy of the Government to ensure that deserving inventors are adequately encouraged and supported through appropriate incentives particularly in the production and marketing of useful inventions;

WHEREAS, Republic Act Numbered Three Thousand Eight Hundred Fifty, otherwise known as the "Philippine Inventors Incentives Act" is no longer responsive to the needs of local inventors.

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines by virtue of the powers vested in me by the Constitution, do hereby order and decree, as part of the law of the land, the following amendments to Republic Act Numbered Three Thousand Eight Hundred Fifty:

SECTION 1. A new section to be designated: Section 3 is hereby inserted after Section 2 of the same Act to read as follows:

"SEC. 3. Definition of Terms —

"(a) 'Invention' shall mean any new and useful machine manufactured product or substance, process or any improvement thereof that satisfies the requirement of novelty, utility and operativeness.

"(b) 'Innovation' (Utility Model) shall mean any new model of implement or tools of any industrial product or part of the same, which does not possess the quality of invention, but which is of practical utility by reason of its form, configuration, construction or composition.

"(c) 'Industrial Design' shall mean any new original and ornamental design for an article of manufacture.

SECTION 2. Section 3 of the Act is hereby renumbered as Section 4 and paragraph (b) thereof is hereby amended to read as follows:

"SEC. 4. — (b) To grant financial aid to inventors, utility model makers or industrial designers, to enable them to develop, perfect and produce their inventions, utility models or industrial designs duly patented or those which are pending patent, up to pilot plant scale which would demonstrate their operability and industrial application, under certain terms and conditions."

SEC. 3. Sections 4, 5 and 6 of the same Act are hereby renumbered as Sections 5, 6 and 7 respectively, thereof.

SEC. 4. A new section to be designated as Section 8 is hereby inserted after Section 7 as renumbered to read as follows:

"SEC. 8. There is hereby created an 'Invention Guarantee Fund' of six million pesos of which the initial amount of one million is hereby appropriated from the Grants-In-Aid Fund of the National Science Development Board, and the additional amount of five million pesos is hereby authorized to be appropriated out of any unappropriated funds in the National Treasury. The fund shall be deposited with the Development Bank of the

Philippines which would be charged the responsibility of administering and controlling the fund to be used to guarantee the unsecured portion of industrial loans for the exploitation and manufacture of any patented Filipino invention, utility model or industrial design.

"The Philippine Inventors Commission shall, within three months from the effectivity of this decree, constitute a committee composed of representatives from the Department of Industry, National Economic and Development Authority, National Science Development Board, Department of Trade, and Development Bank of the Philippines, that shall consult private industry associations and appropriate government agencies in identifying technological research priorities in order to guide inventors' research work and enhance the economic viability and commercial applicability of their inventions. The finding of the Committee shall serve as a basis for the issuance of certifications required from the Philippine inventors Commission under the provisions of the succeeding paragraph.

"In addition to the requirements which shall be prescribed by the Development Bank of the Philippines, the guarantee facility shall be made available only upon certification by the Philippine Inventors Commission that the subject invention, utility model or industrial design, is among those that are determined by the Committee to be responsive to priorities and requirements of private industries and the national government.

SEC. 5. Sections 7, 8 and 9 of the same Act are hereby renumbered as Sections 9, 10, 11 respectively, thereof.

SEC. 6. Section 10 of the same Act is hereby renumbered as Section 12 thereof and amended to read as follows:

"S. 12. To promote and encourage the manufacture of local inventions, utility models or industrial designs, their manufacture shall be exempted from taxes, license fees and permit fees, except customs duties and charges on imports, during the first five years from the date of the first sale, subject to the rules and regulations be promulgated by the Department of Finance: Provided, That their manufacture is carried out by the inventor's himself/themselves as a small/medium scale industry with capitalization not exceeding four million pesos: Provided further, That in case of a partnership or a corporation, the majority interest belongs to the patentee's himself/themselves: Provided still further, That the manufacturer shall keep separate books of accounts of the manufacture and sale of said inventions: and Provided finally, That the manufacturer is a Filipino citizen or an enterprise at least sixty percent of the capital of which is owned by such citizens.

SEC. 7. Sections 11, 12, 13, 14 and 15 of the same Act are hereby renumbered as Sections 13, 14, 15, 16 and 17, respectively, thereof.

SEC. 8. This Decree shall take effect immediately.

Done in the City of Manila this 9th day of June in the year of Our Lord, nineteen hundred and seventy-eight.

(Sgd.) FERDINAND E. MARCOS
President of the Philippines

By the President:

(Sgd.) JACOBO C. CLAVE
Presidential Executive Assistant

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