

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

FIFTEENTH CONGRESS
Second Regular Session

House Bill No. 5970



Introduced by Rep. Eulogio "Amang" R. Magsaysay

EXPLANATORY NOTE

Article II, Section 20 of the Constitution provides that the State recognizes the indispensable role of the private sector, encourages private enterprise, and provides incentives to needed investments.

We are a country of great people rich in cultural heritage and God-given gifts. We survived the impact of recent economic crises because we have been blessed with inherently talented and innovative human resources. Undoubtedly, all over the world, many Filipinos have received recognition for their ingenuity. The State, however, is not giving due recognition to our country's bright minds due to lack of a solid program to recognize their achievements especially in the field of research and development while other countries benefited more than we do. This has forced our inventors and innovators in the saga of brain drain and migration.

Let there be a sense of urgency to establish a sustainable recognition program that will encourage our inventors and innovators to develop new products and technologies that can be produced locally and exported all over the world. Apart from translating the efforts to propel the economy, this will also give our local minds their proper place in the hall of achievements in research and development.

This proposed measure seeks to mandate the Department of Trade and Industry to establish a National Innovation Prizes Board which shall spearhead a program to solicit participation from various sectors of our country, encourage a competitive research and development drive and that the best new inventions and innovations be appropriately recognized and properly compensated.

Hence, approval of this proposed measure is earnestly sought.

EULOGIO "AMANG" R. MAGSAYSAY

House of Representatives

House Bill No. 5970

Introduced by Rep. Eulogio "Amang" R. Magsaysay

AN ACT MANDATING THE DEPARTMENT OF TRADE AND INDUSTRY TO ESTABLISH A SUSTAINABLE PROGRAM FOR AWARDING INNOVATION PRIZES TO INDIVIDUALS AND ENTITIES FOR RESEARCHING AND DEVELOPING INNOVATIVE TECHNOLOGIES, AND FOR OTHER PURPOSES

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

SECTION 1. *Short Title.* - This Act shall be known as the "**National Innovations Act of 2012.**"

SECTION 2. *Definitions.* -The purposes of this Act the term:

- A. **ADMINISTERING ENTITY** - means an entity with which the Secretary enters into an agreement under this act.
- B. **COMPETITION** - means a competition for an innovation prize under the program for an original work.
- C. **INNOVATION PRIZE** - means a prize awarded to a participant who wins a competition.
- D. **PARTICIPANT** - means an individual or entity that participates in a competition.
- E. **SECRETARY** - means the Secretary of Trade and Industry.

SECTION 3. *National Innovation Prizes Board.* - The Secretary shall establish in the Department of Trade and Industry a National Innovation Prizes Board, referred to in this Act as the "Board". The Board shall be composed of noted individuals, appointed by the Secretary, from both public and private sector whose qualification shall be determined by the Secretary to carry out the purposes of this Act. The term of each member shall be no more than three years.

SECTION 4. *Purposes.* - The purposes of the Board are as follows:

- A. To develop and administer the Innovation Prizes Program.
- B. To select the research topics for competitions.
- C. To establish the rules of the competitions and the criteria for winning innovation prizes.
- D. To determine the amount of the innovation prize for each competition.
- E. To certify the winners of the competitions.
- F. To determine the annual funding requirement for each competition.

SECTION 5. *Innovation Prizes Program.* - The board shall carry out a program of competitions to award innovation prizes to eligible individuals and entities to advance the research, development, and commercial application of innovative technologies.

SECTION 6. *Eligible Individuals or Entities.* - An "eligible individual or entity" is an individual, a university, or a small or medium or large business that complies with the requirements set forth in this act or as may be determined by the Board stipulated in the

corresponding Implementing Rules and Regulations.

SECTION 7. *Minimum Requirements for Eligibility.* - An eligible individual or entity:

- A. shall have complied with such eligibility requirements for participation in a competition as the Board may establish;
- B. in the case of a private entity, shall be incorporated in and maintained a primary place of business in the Philippines;
- C. in the case of an individual, whether participating in the program singly or in a group, shall be a Filipino citizen, an alien lawfully admitted for permanent residence in, the Philippines; and
- D. Not eligible are a government entity, such as a government funded research and development center or a government-owned, contractor-operated laboratory; an entity in which a member of the board has interest in; a relative of the member of the board within fourth degree of consanguinity; a public official or employee acting within the scope of his office or employment; or a public official or employee of a national laboratory acting within the scope of his office or employment.

SECTION 8. *Development of the Program.* - Not later than 120 days after the date of the enactment of this Act, the Secretary shall prepare and submit to the appropriate committees in the House of Representatives and the Senate a plan for implementing the program described hereof, that includes:

- A. a description of how the research topics for competitions and the criteria for awarding the innovation prizes will be determined;
- B. the terms and conditions of the competitions;
- C. the time frame for the award of innovation prizes; and
- D. a description of the plans of the Secretary to partner with nonprofit organizations or government agencies to sponsor competitions or to outsource administration of competitions to nonprofit organizations within the limit of this Act.

SECTION 9. *Awards.* - The Board shall determine the amount of each innovation prize for each competition and may elect to award only a first place prize or to award first, second, and third place prizes.

SECTION 10. *Advertising.* - The Board shall advertise each competition widely to encourage broad participation in each competition, including by individuals, universities, and large, medium and small businesses, including businesses owned or controlled by socially and economically disadvantaged persons. The advertisements shall include, among other information, the subject of the competition, the duration of the competition, the eligibility requirements for participation in the Competition, the process and venue for participants to register for the competition, the amount of the innovation prize, and the criteria for awarding the innovation prize.

SECTION 11. *Administering Competitions.* - The Board may enter into an agreement with a private, nonprofit organization to administer competitions. The duties of the administering entity under the agreement shall include:

- A. advertising competitions and the results of competitions;
- B. raising funds from private entities and individuals to pay for administrative costs of competitions and to contribute to cash innovation prizes;
- C. working with the Board to develop the criteria for selecting winners in competitions, based on goals provided by the Secretary;
- D. determining, in consultation with the Board, the appropriate amount of each innovation prize to be awarded;
- E. selecting judges for competitions using criteria developed in consultation with the Board; and
- F. preventing the unauthorized use or disclosure of the intellectual property, trade secrets, and confidential business information of participants.

SECTION 12. *Funding.* - Innovation prizes awarded under the program shall consist of:

- A. funds authorized to be appropriated under this Act; and
- B. any funds raised by the administering entity hereof.
- C. any other funds which may be accepted by the Secretary from other government agencies for innovation prizes.

SECTION 13. *Funds from Other Entities.* - The Board is authorized to enter into agreements with other entities, including corporations, nonprofit organizations, and other government agencies, to offer joint innovation prizes if:

- A. the joint innovation prize supports the purposes of this Act;
- B. the entity offering additional funds agrees to deposit the funds into a designated escrow account; and
- C. the Board retains full authority over the competition and the awarding of the cash innovation prizes.

SECTION 14. *Prohibition on Special Consideration.* - The Secretary shall not give any special consideration to any private sector entity or individual in return for a donation to the administering entity to fund a competition.

SECTION 15. *Announcement of Prizes Contingent on Funding.* - The Secretary shall not advertise or publish any prize until all the funds necessary to pay the innovation prize have been appropriated or committed in writing.

SECTION 16. *Waiver of Liability.* - The Secretary may require participants to waive claims against the government and the administering entity except claims for willful misconduct for any injury, death, damage, or loss of property, revenue, or profits arising from participation in a competition. The Secretary may not require a participant to waive claims against the administering entity arising out of the unauthorized use or disclosure by the administering entity of the intellectual property, trade secrets, or confidential business information of the participant.

SECTION 17. *Insurance.* - The Secretary may require liability insurance or demonstrate financial responsibility, in amounts determined by the Secretary, for claims by:

- A. a third party for death, physical injury, or property damage or loss resulting from an activity carried out in connection with participation in a competition; and
- B. the government for damage or loss to government property resulting from participation in a competition.

SECTION 18. *Intellectual Property.* - The intellectual property of participants in the competitions shall be protected. The Board shall provide for assistance in securing the intellectual property rights for qualified participants. The Board shall also provide for a convenient way for participants to ascertain whether there are any preexisting intellectual property rights that conflict with their entries.

SECTION 19. *Report.* - Not later than one year after the date of the enactment of this Act, and annually, thereafter, the Secretary shall submit to the appropriate committees in the House of Representatives and the Senate a report describing the activities of the program described in this Act, including:

- A. a description of the methods used to select the research topics of the competitions and the amounts of the innovation prizes;
- B. a discussion of the features of competitions that contribute to the success or failure of the competitions;
- C. the number of participants involved in the competitions;
- D. the amount of private funds contributed to the program and the sources of such funds;
- E. the effect of the program on public awareness of innovation; and
- F. the effect of the program on the public image of the Department of Trade and

Industry.

SECTION 20. Appropriations. - To carry out the provisions of this Act, such amount as hereby necessary is hereby authorized to be appropriated from the National Treasury.

SECTION 21. Separability Clause. - If any provision in this act is declared unconstitutional, the same shall not affect the validity and effectivity of the other provisions hereof .

SECTION 22. Repealing Clause. - Any law, presidential decree or issuance, executive order, letter of instruction, administrative order, rule or regulation contrary to or is inconsistent with the provision of this Act is hereby repealed, modified, or amended accordingly.

SECTION 23. Effectivity Clause. - This Act shall take effect fifteen (15) days after its publication in at least two (2) newspapers of general circulation.

Approved,