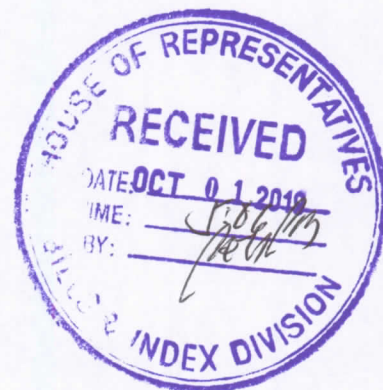


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Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
First Regular Session

HOUSE BILL No. 4984



Introduced by
BAYAN MUNA Representatives CARLOS ISAGANI T. ZARATE,
FERDINAND R. GAITE and EUFEMIA C. CULLAMAT

AN ACT

PROMOTING THE DEVELOPMENT AND USE OF FREE/OPEN SOURCE
SOFTWARE (FOSS) IN THE PHILIPPINES, AMENDING RA 8293 OTHERWISE
KNOWN AS THE "INTELLECTUAL PROPERTY CODE OF THE PHILIPPINES",
PROVIDING PENALTIES THEREOF, AND FOR OTHER PURPOSES

EXPLANATORY NOTE

The era of **Free/Open Source Software (FOSS)** has come.

Once considered the realm of geeks, computer experts and cyberspace activists, FOSS is now steadily gaining ground among a broad range of information and communications technology (ICT) consumers – from home users and barangays, schools to large corporate enterprises and government agencies – who are looking for alternatives to the expensive, overbearing and restrictive products of proprietary software monopolies like Microsoft, Unix and Adobe, among others.

Unlike proprietary software, FOSS is **cheap or affordable** (in fact, most FOSS are distributed *gratis* or free to the public by their own developers and can be freely distributed), **flexible and development-friendly** (FOSS source codes are accessible to consumers who may study, modify and customize the software), **interoperable** (FOSS adheres to open standards and are meant to work across various platforms and protocols), and **safe** (the opening of the source codes and the use of open standards have allowed hundreds of thousands of users around the globe to serve as a virtual research and development team, providing patches and solutions to bugs and glitches in real time over the internet).

Today, most widely-used proprietary software have equivalent FOSS which is cheaper, safer and more robust. This is why the use of FOSS is steadily gaining ground in many countries in Europe, North America, Latin America and Asia.

FOSS give software users freedom – the freedom to run the program in any way one wishes, to study and modify its source codes, to make copies and distribute them as one wishes, and to redistribute the said program.

An apparent benefit of FOSS is its low cost. Giant chip maker Intel reportedly saved \$200 million for switching their servers from proprietary UNIX software to open GNU/Linux software, while Amazon reported a US\$17 million savings for migrating from Microsoft to

1 GNU/Linux.

2
3 Many organizations and several studies have shown that using FOSS in lieu of proprietary
4 software results in significant savings of anywhere from 15% to 35% over a span of three years
5 not only due to lower licensing costs but lower personnel and hardware costs.

6
7 A study produced by the International Open Source Network (IOSN) and United Nations
8 Development Program - Asia-Pacific Development Information Programme have identified the
9 following strategic benefits of FOSS: (1) Developing local capacity industry; (2) reducing
10 imports/conserving foreign exchange; (3) Enhancing national security; (4) Reducing copyright
11 infringements; (5) Enabling localization.

12
13 The study also identified economic benefits as: (1) Increasing competition; (2) Reducing total
14 cost of ownership; (3) Enhancing security; (4) Achieving vendor independence.

15
16 Add to this the social benefit of increasing access to information, promoting citizens' knowledge
17 about software and software techniques, encouraging cooperation among the citizenry, and
18 providing the public with democratic control over the software that it uses.

19
20 In fact, the viability and advantages of FOSS has not been lost on us Filipinos. The Advanced
21 Science and Technology Institute of the Department of Science and Technology (ASTI-DOST)
22 has developed the Bayanihan Linux, a complete desktop solution for office and school use based
23 on GNU/Linux, and Bayanihan Linux Server, an easy-to-use GNU/Linux server for
24 government agencies, schools and SMEs. These Bayanihan Linux programs can do everything
25 that proprietary operating systems can do, except drain one's pockets, mainly because they are
26 distributed by their developers for free.

27
28 *Exist*, a 100%-owned Filipino open-source software company, was named one of CIO Review's
29 20 Most Promising Banking Technology Solution Providers in 2015 and has been selected by
30 APAC CIO Outlook as one of the 25 Most Promising IT Services Providers in 2015. In 2016,
31 Exist was shortlisted as a finalist under the Most Innovative Company of the Year category at
32 the 10th International ICT Awards Philippines. This is proof that given the opportunity and
33 proper support, Filipino companies can be a major supplier in the growing global FOSS market.

34
35 The Philippines is still spending a big portion of our national budget in buying Microsoft
36 licenses. The government has created a body called MITHI or the Medium-Term Information
37 and Communications Technology Harmonization Initiative, which harmonizes and ensures
38 interoperability among ICT-related resources, programs, and projects across the government.
39 MITHI covers all ICT-related resources, programs, and projects of NGAs, GOCCs, and SUCs.
40 However, it is still highly reliant on proprietary software, particularly Microsoft. The
41 Procurement Service – PhilGEPS, in partnership with Microsoft Philippines, First Datacorp
42 (FDC), and Wordtext Systems, Inc. (WSI), offered a “discount” on Microsoft Licenses under the
43 MITHI program specifically on the Office Standard Licenses and Office 365 Pro Plus. However,
44 the price of Microsoft software is still steep, ranging from ₱3,100-₱14,010 per computer per
45 year.

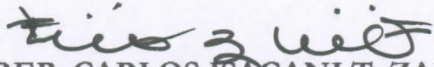
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47 This bill, first filed by Bayan Muna Rep. Teodoro Casiño in 2006 in the 13th Congress, mandates
48 the use of FOSS, open standards and open formats in all government agencies, and, also
49 encourages the use and development of FOSS in the private and public sectors, as this will
50 greatly benefit the Philippines by: (1) Promoting the people's right to access public informations;
51 (2) Lowering the overall cost of ICT in the public and private sectors by reducing the country's

1 dependence on proprietary software and computer applications; (3) Making ICT more accessible
2 to a greater number of users; (4) Unlocking the potential and encouraging the development of a
3 self-reliant, genuinely Filipino IT industry; and, (5) Providing greater security for highly sensitive
4 government and private information systems.

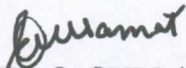
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6 It has then been refiled in the 14th, 15th, 16th, and 17th Congresses by Bayan Muna Partylist
7 Representatives Satur Ocampo, Neri Colmenares, and, Carlos Isagani Zarate.

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

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12 *Approved,*

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20 **REP. CARLOS ISAGANI, T. ZARATE**
21 *Bayan Muna Partylist*

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28 **REP. FERDINAND R. GAITE**
29 *Bayan Muna Partylist*

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REP. EUFEMIA C. CULLAMAT
Bayan Muna Partylist

1
2 Republic of the Philippines
3 HOUSE OF REPRESENTATIVES
4 Quezon City

5
6 EIGHTEENTH CONGRESS
7 First Regular Session

8 4984
9 HOUSE BILL No. _____

10
11 Introduced by
12 BAYAN MUNA Party-list Representatives CARLOS ISAGANI T. ZARATE,
13 FERDINAND R. GAITE and EUFEMIA C. CULLAMAT
14

15 TITLE

16
17 *Be it enacted by the Senate and House of Representatives of the Republic of the Philippines in Congress assembled:*

18
19 AN ACT

20 PROMOTING THE DEVELOPMENT AND USE OF FREE/OPEN SOURCE
21 SOFTWARE (FOSS) IN THE PHILIPPINES, AMENDING RA 8293 OTHERWISE
22 KNOWN AS THE "INTELLECTUAL PROPERTY CODE OF THE PHILIPPINES",
23 PROVIDING PENALTIES THEREOF, AND FOR OTHER PURPOSES
24

25
26 *Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:*

27
28 SECTION 1. *Short Title.* – This Act shall be known as the "*Free/Open Source*
29 *Software (FOSS) Act*"

30
31 SEC. 2. *Declaration of Policy.* – In accordance with Section 24 of Article II of the
32 Constitution which declares that: "The State recognizes the vital role of communication and
33 information in nation building", and *recognizing* the wide discrepancy between the technologies of
34 developing countries and advanced countries; *realizing* the economic limitations in the
35 information and communication technology (ICT) of developing countries, especially on the
36 viability of purchasing and implementing expensive software solutions; *aware* of the relatively
37 slow diffusion of technology between the developed and developing countries; it is hereby
38 declared the policy of the State to:

- 39
40 1. Ensure the self-reliance of the State in technology and technology capabilities, in
41 accordance with Article XIV, Sec. 10 of the Constitution, by ensuring that the State
42 has access to the source codes of its computers' software;
43
44 2. Strengthen the public's access to information and government data, in accordance
45 with Article III, Section 7 of the Constitution, by mandating the use of open
46 standards and formats in government, hence ensuring the interoperability of data and
47 government communications;

3. Promote the preferential use of domestic material and Filipino labor in information communications technology, in accordance with Article XII, Sec. 12 of the Constitution;
4. Adopt mechanisms to ensure fiscal discipline in the purchase of software without compromising the State's security and the stability and robustness of the country's ICT infrastructure, and;
5. Develop Filipino professionals and scientists in the field of software technology and ICT by promoting the use and purchase of free/open source software, in accordance with Article XII, Sec. 14 of the Constitution.

SEC. 3. Definition of Terms. – For purposes of this Act, the following terms and phrases are so defined:

- a. **Source code** – The set of human readable instructions and statements written by the programmer using a particular programming language, including the modules, components of the executable program, and any interface definition files and scripts used to compile and install a program.
- b. **Interoperability** – The ability of information systems to operate in conjunction with each other encompassing protocols, hardware software, application, and data compatibility layers. In particular, it is the ability of different types of computers, networks, operating systems, and applications to work together effectively, without prior communication, in order to exchange information in a useful and meaningful manner.
- c. **Open standards** – Those standards, protocols, specifications, and any other data formats made available to the general public and are developed, approved and maintained via a public, collaborative, transparent and consensus-driven process. In addition, open standards must meet all of the following criteria:
 2. The adoption and development of the standard includes the consideration of and response to inputs by interested parties, and occurs on the basis of an open decision-making procedure available to all;
 3. The standard has been published and the published document is available freely. It must be permissible for all to copy, distribute and use it without any fee;
 4. The standard is affirmed by an international standards development organization (SDO) or, in the absence of such affirmation, at least by a government-commissioned SDO;
 5. The standard is vendor neutral and allows for sufficient development of a variety of competing interoperable products or services, and;
 6. There are no constraints on the re-use of the standard.
- a. **Open Format** – A published specification for storing digital data that is based on and employs open standards, and which are implementable by both

proprietary and free-open source software.

b. **Free-Open Source Software (FOSS)** – Any software computer program that meets all of the following criteria:

7. The source code of the software, including the source code for such other parts and components needed to compile and install the software shall be readily available and accessible;
8. The license to use the program does not restrict nor require fees such as royalties from anyone to redistribute, in any way, the program as part of an aggregate software distribution or solution containing other programs from several other sources;
9. The license must allow modifications and derived works which, as specified in Paragraph 4.2 of this Section, must allow for redistribution without additional charges;
10. The license to use must not discriminate against persons nor a specific group of persons;
11. The license of the program shall not be restricted to it being part of a particular software distribution, hence, individual components of an aggregate solution can be modified and redistributed in accordance to Paragraphs 4.2 and 4.3 of this section;
12. A software license must not restrict other software from being used as part or in cooperation with the FOSS. Hence, the license of the open source software can be used in conjunction with proprietary software, and;
13. The license must be technology neutral. No foreseeable/deliberate restrictions should be placed regarding the use of the software in any platform, or for any purpose.
 - a. **FOSS License** – any license and/or end-user agreement that ensures free access and redistribution of free/open source software, the licenses of which are generally approved by an internationally recognized FOSS advocate body.
 - b. **Total Cost of Ownership (TCO)** – covers all the costs involved in a technology or business solution, including the initial investment cost and maintenance, support, replacement, training and upgrade costs.
 - c. **Government** – includes the three separate branches of government and all departments, bureaus, offices and agencies operating under each separate branch of government, including schools and government-owned and controlled corporations.

SECTION 4. *Legal Recognition of FOSS.* – The government shall recognize the validity and legitimacy of FOSS and FOSS licenses, subject to the provisions of existing laws, rules and regulations.

SECTION 5. *Government Rules and Policies on the Use and Adoption of Open*

1 ***Standards and FOSS in Government.***

- 2
- 3 1. ***Use of Open Standards*** – The government shall use only ICT goods and services
- 4 that comply with open standards except under extraordinary circumstances as
- 5 defined in Section 5.5 of this Act;
- 6
- 7 2. ***Use of Open Formats*** – All government communication and data intended for
- 8 public consumption shall be encoded in open standard data format;
- 9
- 10 3. ***Use of FOSS*** – The government shall apply only FOSS or FOSS solutions in all ICT
- 11 projects and activities except under extraordinary circumstances as defined in Section
- 12 5.5 of this Act;
- 13
- 14 4. ***Use of RAND License for Open Standards*** – Open standards licensed under
- 15 “Reasonable and Non-Discriminatory” (RAND) terms, and hence are not free but
- 16 are available for a reasonable fee shall be used only under extraordinary
- 17 circumstances as defined in Section 5.5 of this Act;
- 18
- 19 5. ***Extraordinary Circumstances*** – The Department of Information and
- 20 Communications Technology (DICT), through the Office of FOSS Migration
- 21 created under Section 15 shall determine, through public hearing, whether there
- 22 exists extraordinary circumstances that will exempt a government agency or project
- 23 from Sections 5.1 to 5.4 of this Act.
- 24
- 25 Extraordinary circumstances exist when:
- 26
- 27 a. There is no reasonably available ICT goods or services supporting open
- 28 standards and/or FOSS in the field, area or activity that the government
- 29 intends to engage in, or;
- 30 b. A particular government agency or office has an existing, widely-used and
- 31 widely implemented proprietary ICT system and there are no reasonably
- 32 available technology using open standards and/or FOSS that can be used
- 33 with the said proprietary system.
- 34
- 35 6. ***Limitations on the Use of Proprietary Standards and Software in Government***
- 36 – Should there exist extraordinary circumstances as enumerated in Section 5.5 of this
- 37 Act, the government may use proprietary standards and software subject to the
- 38 following conditions:
- 39

- 40 a. The state shall procure, purchase or acquire only ICT goods and services that
- 41 are interoperable and scalable with open standards;
- 42
- 43 b. The state shall procure, purchase or acquire available software that offers
- 44 license most similar to FOSS as defined in Section 3 of this Act, and;
- 45
- 46 c. Open standards and FOSS will be selected and given preference when
- 47 existing systems are to be retired or need major enhancements.
- 48

49 ***SEC. 6. Adoption of FOSS Policy in Government Research and Development. –***

50 All software developed by government must be FOSS and open standards compliant except in

51 exigent circumstances where national security may be in peril, or in such other case where the

1 right to freedom to public information is reasonably controlled as provided for by law. In case of
2 exigent circumstances, government shall release under a FOSS license for public consumption
3 said software, system and ICT goods and services when it is to be retired or replaced.
4

5 **SEC. 7. *Provision Against Single Vendor Lock-in and Dependence.*** Under no
6 circumstances shall the government acquire ICT goods and services that are restricted for use in
7 a single vendor environment only. All prospective ICT investments of the government shall
8 comply with open standards. Existing ICT systems will be reviewed for open standards
9 compatibility and will be enhanced to achieve open standards compatibility when appropriate.
10

11 **SEC. 8. *Preference in Procurement of ICT Services and Goods.*** – In case there is
12 more than one company that offers FOSS and open standard compliant solutions to the
13 government with almost equal total cost of ownership, preference shall be given to the Filipino-
14 owned ICT company.
15

16 **SEC. 9. *Promotion of FOSS and Open Standards in Educational Institutions.***
17

- 18 1. The government, through the Department of Information and Communications
19 Technology (DICT), Commission on Higher Education (CHED), Department of
20 Education (DepEd), the National Computer Center (NCC), the Department of
21 Science and Technology (DOST) and other appropriate agencies shall promote
22 FOSS by providing laboratories, organizing competitions, and encouraging research,
23 thesis and dissertations on FOSS development and the development of open
24 standards;
25
- 26 2. Within eight (8) months after this Act takes effect, DICT, DepEd, DOST, CHED
27 and the Technical Education and Skills Development Authority (TESDA) shall
28 spearhead the formulation and implementation of a curriculum for training students
29 and teachers on the use and development of FOSS in all levels of education. They
30 will also formulate in cooperation with the CICT and other appropriate agencies, a
31 basic government retraining and certification program for existing IT professionals to
32 test their proficiencies and skills in implementing FOSS solutions.
33
- 34 3. Higher educational institutions that offer professional certification programs on the
35 use and implementation of proprietary software and solutions will be encouraged to
36 offer similar certification programs for FOSS and open standard solutions.
37

38 **SEC. 10. *Promotion of FOSS and Open Standards in the Private Sector.*** _ The
39 government shall provide various types of non-fiscal incentives and support to private sector
40 entities involved in the use, promotion and development of FOSS and open standards.
41

42 **SEC. 11. *Amending Section 22 of RA 8293, otherwise known as the “Intellectual***
43 ***Property Code of the Philippines”.***
44

45 Sec. 22 of RA 8293 otherwise known as the Intellectual Property Code of the
46 Philippines is hereby amended to read as follows:
47

48 ---XXX---

49
50 **Section 22. Non-Patentable Inventions.** The following shall be excluded from patent

1 protection:

2
3 22.1. Discoveries, scientific theories and mathematical methods;

4
5 22.2. Schemes, rules and methods of performing mental acts, playing games or doing
6 business, and programs for computers;

7
8 22.3. Methods for the treatment of the human or animal body by surgery or therapy and
9 diagnostic methods practiced on the human or animal body. This provision shall
10 not apply to products and composition for use in any of these methods;

11
12 22.4. Plant varieties or animal breeds or essentially biological process for the production
13 of plants or animals. This provision shall not apply to micro-organisms and non-
14 biological and microbiological processes.

15
16 Provisions under this subsection shall not preclude Congress to consider the
17 enactment of a law providing sui generis protection of plant varieties and animal
18 breeds and a system of community intellectual rights protection:

19
20 22.5. Aesthetic creations; [and]

21
22 22.6. COMPUTER PROGRAMS, TECHNIQUES AND METHODS IN
23 COMPUTING AND ARRANGING DATA FOR USE IN DIGITAL
24 FORMAT, INCLUDING ALGORITHMS;

25
26 22.7. PROTOCOLS, SPECIFICATIONS, METHODS OF ARRANGING DATA
27 THAT ARE KNOWN TO FORM PART OF OPEN STANDARDS OR ARE
28 INTEGRAL TO IMPLEMENTATION OF OPEN STANDARDS, AND;

29
30 22.8. Anything which is contrary to public order or morality.

31
32 **SEC. 12. Penalties.** – Any act or omission on the part of any public official(s) and/or
33 individuals, juridical or otherwise, acting in conspiracy with public officials violating provisions
34 of this Act shall be penalized in accordance with pertinent provision(s) of RA 3019, otherwise
35 known as the “*Anti-Graft and Corrupt Practices Act as Amended*”, “The Civil Service Law as
36 Amended” or both whichever is applicable.

37
38 **SEC. 13. Implementation.** – The Department on Information and Communications
39 Technology (DICT) shall be the main government agency tasked to oversee the implementation
40 of this Act. Within six (6) months after this Act takes effect, the DICT shall:

- 41
42 1. Submit to the Office of the President and to Congress an audit of all existing
43 government ICT systems, and its recommendations as to system migration and
44 changes needed to fulfill the objectives of this Act;
- 45
46 2. Come up with implementing rules and regulations for this Act which shall include as
47 minimum the following:
- 48
49 a. Within three years, 90% of government IT professionals, and 65% of the
50 country's IT professionals must be proficient in the implementation of FOSS
51 systems, and;

- b. Within five years, 75% of all existing government systems shall be open standards compliant, and all government communication and research data intended for public consumption and access shall be in open standard data format;
- c. Within five years, 75% of all existing government systems shall employ FOSS. To be qualified as compliant to this Act, one machine is counted as employing FOSS when at the minimum, its operating system, and the computing programs used to fulfill the purpose of the machine (e.g., office suite programs for machines intended for office use, or counting programs for counting machines) are FOSS.
- d. The effective advocacy, training and development of a FOSS community in the country that will help in the development of FOSS programs and in the advocacy of FOSS.

SEC. 14. Amending R.A. 10844, Promulgating Additional Policy to the DICT. –

To successfully implement provisions of this Act, the mandate of DICT shall now include the following:

1. Catalogue, compile and publish all existing international open standards applicable to the Philippines;
2. Pending applicable international open standards for the Philippines, the DICT shall spearhead the development of open standards for the country in the process ensuring the participation of Philippine ICT professional organizations, non-government organizations and other stakeholders in the creation of such;
3. Ensure the compliance of all government agencies to this Act, and;
4. Encourage private entities to adopt systems and solutions compliant with open standards.

SEC. 15. Creating the Office on FOSS Migration. – There shall be created an office on FOSS migration to be headed by a known FOSS advocate with at least ten years of experience in the field of ICT and FOSS. Such office shall be an attached agency of the DICT with its head receiving compensation, benefits, privileges and other emoluments equivalent to other attached agencies to the DICT.

The new office thus created shall have the following mandate, duties, powers and responsibilities:

1. Ensure the efficient, prompt and successful migration of all government ICT goods and services to FOSS as mandated in this Act and its IRR;
2. Determine, upon request of a government agency, if there exists extraordinary circumstances enumerated in Section 5.5 of this Act that will exempt a particular project or ICT implementation from Sections 5.1 to 5.4 of this Act;

3. Review and ensure the compliance of all government agencies to pertinent provisions of this Act;
4. Train and develop human capital for FOSS in the Philippines;
5. Coordinate with the DOST, National Computer Center (NCC) and other government agencies, State Universities and Colleges, for modification, customization and development of FOSS for government use;
6. Aid in the prosecution of public officials and individuals, juridical or otherwise, acting in conspiracy with government officials in refusing to implement provisions of this Act;
7. Create its own sub-offices, hire staff including programmers for modification, improvement and development of existing FOSS, and seek the services of consultants to aid in its mandate and successful implementation of this Act, and;
8. Disburse funds thereof for its operations.

SEC. 16. Appropriations. – The sum of twenty million pesos (P20,000,000.00) shall be allocated for the DICT for the implementation of its new additional mandate, and another fifty million pesos (P50,000,000.00) for the creation and operations of the Office of FOSS Migration for the first year this bill is enacted into law. Appropriations for the implementation of this Act for the succeeding years shall be included in the *General Appropriations Act*.

SEC. 17. Repealing Clause – Section 22 of RA 8293 otherwise known as the “Intellectual Property Code of the Philippines” is hereby amended in accordance to Section 11 of this Act.

All other laws, presidential decrees, executive orders, and rules and regulations, or parts thereof inconsistent with the provisions of this Act are hereby repealed, modified or amended accordingly.

SEC. 18. Separability Clause – If any section or provision of this Act is held unconstitutional or invalid, the validity of other sections herein shall not be affected thereby.

SEC. 19. Effectivity – this Act shall take effect fifteen (15) days after its publication in the Official Gazette or in at least two (2) newspapers of general circulation.