

SUBJECT: Revised "Guidelines, Criteria and Documentary Requirements for the Inventors' Umbrella Organization".

I. Rationale

Section 1.5 of the 2005 Implementing Rules and Regulations of Republic Act No. 7459, otherwise known as "Inventors and Invention Incentives Act of the Philippines, has identified the Filipino Inventor's Society (FIS) to refer to the organization duly accredited and recognized by the Department of Science and Technology.

Section 8(b) of Article IV of Republic Act No. 7459, on the other hand, mandates the Department of Science and Technology – Technology Application and Promotion Institute (DOST-TAPI) to accredit and recognize inventor organizations throughout their activities.

Pursuant to the above-mentioned provisions, DOST Memorandum Circular 004 was issued on 21 December 2015, outlining the Guidelines, Criteria and Documentary Requirements for the Inventors' Umbrella Organization.

This current Circular shall supplement and clarify specific terms in MC 004 in order to effectively carry out the creation and recognition of the Filipino Inventor's Society as mandated by the law.

II. Definition of Terms

1. INVENTION shall refer to any patented machine, product, process including implements or tools and other related gadgets of invention, utility model and industrial design patents;
2. INVENTOR shall refer to the patentee/s, maker, or designer of an invention, utility model or industrial design as indicated in the letters patent, UM registration, or ID registration;
3. COMMERCIAL SCALE shall refer to the sale of goods and services pertaining to the Invention exceeding Php200,000.00 during any twelve (12) month period provided under BIR Revenue Regulation No. 19-93 or as may otherwise be determined by BIR.
4. NATIONAL COVERAGE. For purposes of this Circular, the term "national coverage" shall mean being a single umbrella organization that is duly recognized by the DOST for all the Filipino inventors in the Philippines;
5. UMBRELLA ORGANIZATION shall refer to the Filipino Inventor's Society (FIS) as defined in Section 1.5 of the 2005 Implementing Rules and Regulations of Republic Act No. 7459.

III. Guidelines

1. DOST-TAPI shall accredit inventors' organizations using DOST-TAPI Administrative Order No. 031, known as the Guidelines for the Expanded Inventors' Organization Accreditation Program or any of its amendments or revisions; and
2. DOST-TAPI shall call for an assembly of all the accredited inventors' organizations for the creation of the umbrella organization through the election of its officers which will lead to its establishment as a legal entity.

IV. Functions of the Inventors' Umbrella Organization

1. Represent the inventor sector in the Screening Committee for R.A. No. 7459;
2. Certify inventions that have active patents and that the technology is newly developed by local researches or adapted locally from foreign sources, as required by the applicable BIR Revenue Regulations and/or other government issuance;
3. Certify that the manufacture and/or sale of the invention products from technology developed is made on a commercial scale as defined under Item II (3) above. The commercial value of the invented product is entitled to the tax exemption benefits; and

4. Represent TAPI-Accredited Inventors Organizations in their request for assistance from DOST-TAPI for organization activities.

V. Inventors' Umbrella Organization Criteria

The Inventors' Umbrella Organization that shall be created shall comply with the following criteria:

1. National coverage;
2. Members shall be inventors' organization, no individual membership;
3. Duly registered with the SEC/CDA and complies with all current requirements; and the annual reportorial requirements, such as but not limited to the updated General Information Sheet or Cooperative Annual Performance Report and the Audited Financial Statement, as applicable; and
4. Garners majority of the TAPI-accredited inventors' organizations as members.

VI. Documentary Requirements

The created umbrella organization shall submit the following documents to DOST-TAPI for evaluation:

1. List of member inventor organizations;
2. Certified copies of certificates of membership;
3. Certified copies of the members' certificates of accreditation issued by DOST-TAPI;
4. SEC/CDA registration documents (articles of incorporation, By-laws); and
5. List of board of directors, officers and members.

VII. Procedure in the Creation of the Umbrella Organization

DOST-TAPI shall assist the inventor's organizations in the process of the creation of the umbrella organization and shall be guided by the following:

1. Membership in the Board. The Umbrella Organization shall have fifteen (15) board of directors/trustees composed of the representatives of the TAPI-accredited inventor organizations; provided that, the number of representatives of each organization shall be proportional to the total number of its inventor members as defined under Item II (2) above. For purposes of determining the said total number of members, multiple memberships among the organizations shall be disallowed. Thus, such members will be required to identify which organization will he or she will support during the assembly and the succeeding nomination of board members.
2. Conduct Assembly Proper. DOST-TAPI shall facilitate the assembly meeting, including the conduct of the election of the officers. The meeting shall be attended by the above-mentioned representatives (Board of Directors/Trustees). Only the Board of Directors/Trustees shall be allowed to nominate and vote. The Board shall elect, by a majority vote, the Umbrella Organization's officers among themselves during the meeting which shall, in the minimum, include the following:
 - i. Chairman of the Board
 - ii. President
 - iii. Vice-President
 - iv. Secretary
 - v. Treasurer
 - vi. Auditor
3. Gender and Development. In recognition of the principles of gender fairness and equity provided under Section 25 of RA 9710 otherwise known as "The Magna Carta of Women", the Umbrella Organization shall ensure that in the subsequent nomination of its Board of Directors/Trustees, at least 30% of the Board Members are women.

4. Term of Appointment. The officers and the members of the board shall have a term of three (3) years. Thus, the Umbrella Organization shall hold nomination of board members and election of officers and every three (3) years thereafter. The term of the first nominated Board and elected officers shall be reckoned from the date the Umbrella Organization has been duly recognized by DOST Secretary.
 5. Registration of the Umbrella Organization. Within one (1) month after the assembly, the Board shall cause the registration of the Umbrella Organization before the proper government office in order to establish its legal personality. For this purpose, the elected officers and Board Members shall immediately convene after the assembly, to discuss the following, among others, in compliance with the criteria listed in Section V above:
 - i. The name of the umbrella organization
 - ii. Preparation of the Registration Documents (Articles of Incorporation, By-Laws, etc.)
 - iii. Timeline for the registration of the newly formed umbrella organization
- The By-laws of the Umbrella Organization shall consistently comply with the provisions of this Circular, including Item V, and Items VI (1), (2), (3) and (4) above.
6. Accreditation and Recognition. Once the criteria outlined in Section V above are met, the newly formed umbrella organization shall submit all the documentary requirements provided under Item VI hereof to DOST-TAPI for evaluation. After the evaluation and validation of the documents submitted, DOST-TAPI shall endorse the documents and recommend to the DOST Secretary for the formal recognition of the newly created inventors' umbrella organization. For all legal intents and purposes, only the inventors' umbrella organization duly recognized by the DOST shall be considered as the Filipino Inventors' Society (FIS) as provided for by the law.
 7. Reportorial Requirements. The Umbrella Organization shall submit to DOST-TAPI reports of its updated organizational chart, amended By-Laws (if any), membership, activities, audited financial report and others related matters as may be required by DOST-TAPI, not later than one (1) month before the end of every three (3) years from its recognition by the DOST Secretary. The validity of the Umbrella Organization shall be suspended from the expiration of each three-year term until all the documentary requirements has been duly submitted and evaluated by DOST-TAPI to be compliant with the provisions of this Circular, laws, rules and regulations.

VIII. Separability Clause

Should any provision of this Memorandum Circular be declared invalid or unconstitutional, the other provisions not affected thereby shall remain valid and subsisting.

IX. Repealing Clause

All issuances, orders, rules, and regulations or parts thereof that are inconsistent with the provisions of this Memorandum Circular are hereby repealed, amended, or modified accordingly.

This Circular shall take effect fifteen (15) days after its complete publication in the Official Gazette or newspaper of general circulation and upon filing at the UP Law Center in accordance with law.

FORTUNATO T. DE LA PEÑA
Secretary