

RECORD OF THE SENATE

TUESDAY, JULY 25, 2000

OPENING OF THE SESSION

At 3:27 p.m., the Senate President, Hon. Franklin M. Drilon, called the session to order.

The President. The second session of the Third Regular Session of the Eleventh Congress is hereby called to order.

Let us all stand for the opening prayer to be led by Sen. Robert Z. Barbers.

Everybody rose for the prayer

PRAYER

Senator Barbers.

Lord Jesus, we come to You in our need, create in us an awareness of the massive forces of conflict that threaten our country today and grant us a sense of urgency to activate the forces of goodness, of justice, of love, of peace and of reconciliation.

Where there is armed conflict, especially in Mindanao, let us stretch out our arms to our brothers and sisters.

Where there is abundance, let there be simple lifestyle and sharing.

Where there is poverty, let there be dignified living.

Where there is destruction, let there be repair and rehabilitation.

Where there is selfish ambition, let there be humble service.

Where there is injustice, let there be atonement.

Where there is despair, let there be hope in the good news.

Where there are wounds of division, let there be unity and wholeness.

Help us to be committed to the building of Your kingdom:

Not seeking to be cared for, but to care.

Not expecting to be served, but to place ourselves in the service of others.

Not aspiring to be materially secure, but to place our security in Your love.

Teach us Your Spirit for it is only in loving imitation of You, Lord, that we can discover the healing springs of life that will bring hope for the world.

Mama Mary, Queen of Peace, pray for us and our brothers and sisters in Mindanao.

We ask this through our Lord Jesus Christ Who lives with the Father in union with the Holy Spirit, one God forever and ever.

Amen.

The President. The Secretary will please call the roll.

ROLL CALL

The Secretary, reading:

- Senator Teresa Aquino-Oreta .....Present
Senator Robert Z. Barbers .....Present
Senator Rodolfo G. Biazon ..... \*
Senator Renato L. Compañero Cayetano ..Present
Senator Anna Dominique M.L. Coseteng .Present
Senator Miriam Defensor Santiago .....Present
Senator Juan Ponce Enrile .....Absent\*\*
Senator Juan M. Flavier .....Present
Senator Teofisto T. Guingona Jr. ....Present
Senator Gregorio B. Honasan .....Present
Senator Robert S. Jaworski .....Present
Senator Loren B. Legarda-Leviste .....Present
Senator Ramon B. Magsaysay Jr. ....Present
Senator Blas F. Ople ..... \*
Senator John Henry R. Osmeña ..... \*
Senator Sergio R. Osmeña III ..... Present
Senator Aquilino Q. Pimentel Jr. ....Present
Senator Ramon B. Revilla ..... Present
Senator Raul S. Roco ..... \*
Senator Vicente C. Sotto III ..... Present
Senator Francisco S. Tatad ..... \*
The President ..... Present

The President. With 16 senators present, there is a quorum.

\* On official mission
\*\* On account of illness

between this provision of our bill and existing law is that it imposes civil liabilities. This means that the aggrieved party can go to court and seek redress in the form of damages against the errant judge. Is that the contemplation?

**Senator Cayetano.** In addition to that, Mr. President, the bill contemplates precisely an administrative sanction of suspension for 60 days. The reason being, as we all know, it is so difficult to sue a judge criminally for having violated or for having rendered unjust decision. But as far as imposing an administrative penalty of 60 days is concerned, it would be much easier. This is the reason for this.

**Senator Defensor Santiago.** And just for the record, does this mean that when a judge issues a TRO contrary to the provisions of this section, the aggrieved party is allowed to bring a civil case for damages against the judge?

**Senator Cayetano.** There is no doubt about that Mr. President. The criminal liability of a judge—of any person for that matter, including a judge—may or may not carry with it civil liabilities under the Civil Code. So, it does not preclude any civil aspect or rather civil damages that a judge may incur in view of violating this provision.

**Senator Defensor Santiago.** Thank you. I thought so. That is all with this bill, Mr. President. I thank the distinguished sponsor.

**Senator Cayetano.** I would like to thank the lady senator for such an exhaustive clarificatory interpellation. Certainly, we will make a point that all observations and other notable statements here will find their way in the final version of this bill during the period of amendments.

Thank you, Mr. President.

**Senator Sotto.** Mr. President.

**The President.** The Majority Leader is recognized.

SUSPENSION OF CONSIDERATION OF S. NO. 2038

**Senator Sotto.** Mr. President, Sen. Juan Ponce Enrile has expressed his intention and desire to interpellate the sponsor of this bill. Therefore, I move that we suspend consideration of Senate Bill No. 2038.

**The President.** Is there any objection? *[Silence]* There being none, the motion is approved.

SPECIAL ORDERS

**Senator Sotto.** Mr. President, I move that we transfer from the Calendar for Ordinary Business to the Calendar for Special

Orders, Committee Report No. 218 on Senate Bill No. 1989, entitled

AN ACT PROVIDING FOR THE PROTECTION OF LAYOUT DESIGNS (TOPOGRAPHIES) OF INTEGRATED CIRCUITS, AMENDING FOR THE PURPOSE CERTAIN PROVISIONS OF REPUBLIC ACT NUMBERED EIGHTY TWO HUNDRED AND NINETY THREE (R.A. 8293), OTHERWISE KNOWN AS THE INTELLECTUAL PROPERTY CODE OF THE PHILIPPINES AND FOR OTHER PURPOSES.

**The President.** Is there any objection? *[Silence]* There being none, the motion is approved.

BILL ON SECOND READING

S. No. 1989 – Protecting the Layout Design of Integrated Circuits

**Senator Sotto.** Mr. President, I move that we consider Senate Bill No. 1989 as reported out under Committee Report No. 218.

**The President.** Is there any objection? *[Silence]* There being none, the motion is approved.

Consideration of Senate Bill No. 1989 is now in order. With the permission of the Body, the Secretary will read only the title of the bill without prejudice to inserting in the *Record* the whole text thereof.

**The Secretary.** Senate Bill No. 1989, entitled

AN ACT PROVIDING FOR THE PROTECTION OF LAYOUT DESIGNS (TOPOGRAPHIES) OF INTEGRATED CIRCUITS, AMENDING FOR THE PURPOSE CERTAIN PROVISIONS OF REPUBLIC ACT NUMBERED EIGHTY TWO HUNDRED AND NINETY THREE (R.A. 8293), OTHERWISE KNOWN AS THE INTELLECTUAL PROPERTY CODE OF THE PHILIPPINES AND FOR OTHER PURPOSES

*The following is the whole text of the bill:*

Senate Bill No. 1989

AN ACT PROVIDING FOR THE PROTECTION OF LAYOUT DESIGNS (TOPOGRAPHIES) OF INTEGRATED CIRCUITS, AMENDING FOR

THE PURPOSE CERTAIN PROVISIONS OF REPUBLIC ACT NUMBERED EIGHTY TWO HUNDRED AND NINETY THREE (R.A. 8293), OTHERWISE KNOWN AS THE INTELLECTUAL PROPERTY CODE OF THE PHILIPPINES AND FOR OTHER PURPOSES.

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

SECTION 1. The title of Chapter XIII and the first provision of the said chapter of R.A. 8293, otherwise known as the Intellectual Property Code of the Philippines are hereby amended to read as follows:

CHAPTER XIII  
INDUSTRIAL DESIGN AND LAYOUT  
DESIGN (TOPOGRAPHIES) OF  
INTEGRATED CIRCUITS

Sec. 112. *Definition [(of Industrial Design)] OF TERMS:*

1. An Industrial Design is any composition of line or colors or any three-dimensional form, whether or not associated with lines or colors: *Provided*, That such composition or form gives a special appearance to and can serve as pattern for an industrial or handicraft. [(Sec. 55, RA No. 165)]

2. INTEGRATED CIRCUIT MEANS A PRODUCT, IN ITS FINAL FORM, OR AN INTERMEDIATE FORM, IN WHICH THE ELEMENTS, AT LEAST ONE OF WHICH IS AN ACTIVE ELEMENT, AND SOME OR ALL OF THE INTERCONNECTIONS ARE INTEGRALLY FORMED IN AND/OR ON A PIECE OF MATERIAL, AND WHICH IS INTENDED TO PERFORM AN ELECTRONIC FUNCTION; AND

3. LAYOUT DESIGN IS SYNONYMOUS WITH "TOPOGRAPHY" AND MEANS THE THREE-DIMENSIONAL DISPOSITION, HOWEVER EXPRESSED, OF THE ELEMENTS, AT LEAST ONE OF WHICH IS AN ACTIVE ELEMENT, AND OF SOME OR ALL OF THE INTERCONNECTIONS OF AN INTEGRATED CIRCUIT, OR SUCH A THREE-DIMENSIONAL DISPOSITION

PREPARED FOR AN INTEGRATED CIRCUIT INTENDED FOR MANUFACTURE."

Sec. 2. Section 113 of the same law is hereby amended to read as follows:

"SEC. 113. Substantive Conditions for Protection. - 113.1. Only industrial designs that are new or [original] ORNAMENTAL shall benefit from protection under this Act.

113.2. Industrial designs dictated essentially by technical or functional considerations to obtain a technical result or those that are contrary to public order, health or morals shall not be protected.

113.3. ONLY LAYOUT-DESIGNS OF INTEGRATED CIRCUITS THAT ARE ORIGINAL SHALL BENEFIT FROM PROTECTION UNDER THIS ACT. A LAYOUT-DESIGN SHALL BE CONSIDERED ORIGINAL IF IT IS THE RESULT OF THE CREATOR'S OWN INTELLECTUAL EFFORT AND IS NOT COMMONPLACE AMONG CREATORS OF LAYOUT DESIGNS AND MANUFACTURERS OF INTEGRATED CIRCUITS AT THE TIME OF ITS CREATION.

113.4. A LAYOUT DESIGN CONSISTING OF A COMBINATION OF ELEMENTS AND INTERCONNECTIONS THAT ARE COMMONPLACE SHALL BE PROTECTED ONLY IF THE COMBINATION, TAKEN AS A WHOLE, IS ORIGINAL."

Sec. 3. Section 114 of RA 8293 is hereby amended as follows:

"SEC. 114. Contents of the Application. - 114.1. Every application for registration of [an] EITHER industrial design OR LAYOUT DESIGN shall contain:

(a) A request for registration [of the industrial design];

(b) Information identifying the applicant;

(c) An indication of the kind of article of manufacture or handicraft to which the design shall be applied;

(d) A representation of the article of manufacture or handicraft by way of drawings, photographs or [other] adequate graphic representation of the design as applied to the article of manufacture or handicraft which clearly and fully discloses those features for which design protection is claimed; and

(e) The name and address of the creator, or where the applicant is not the creator, a statement indicating the origin of the right to the [industrial] design registration.

114.2. The application may be accompanied by a specimen of the article embodying the industrial design OR LAYOUT DESIGN and shall be subject to the payment of the prescribed fee."

Sec. 4. Section 116 of the same law is hereby amended to read as follows:

"SEC. 116. Examination. - 116.1. The Office shall accord as the filing date the date of receipt of the application containing indications allowing the identity of the applicant to be established and representation of the article embodying the industrial design OR THE LAYOUT DESIGN or a pictorial representation thereof.

116.2. If the application does not meet these requirements, the filing date should be that date when all the elements specified in Sec. [105] 114 are filed or the mistakes corrected. Otherwise, if the requirements are not complied within the prescribed period, the application shall be considered withdrawn.

116.3. After the application has been accorded a filing date and the required fees paid on time, the applicant shall comply with the requirements of Section 114 within the prescribed period otherwise the application shall be considered withdrawn.

116.4. The Office shall Examine whether the industrial design OR LAYOUT DESIGN complies with requirements of Sections 112 and [Subsections] 113[2 and 113.3]"

Sec. 5. Section 117 of the Intellectual Property Code is amended to read as follows:

"SEC. 117. Registration. - 117.1. Where the office finds that the conditions referred to in Section 113 are fulfilled, it shall order that registration be effected in the industrial design OR LAYOUT DESIGN register and cause the issuance of an industrial design OR LAYOUT DESIGN certificate of registration; otherwise, it shall refuse the application.

117.2. The form and contents of an industrial design OR LAYOUT DESIGN certificate shall be established by the Regulations: *Provided*, That the name and address of the creator shall be mentioned in every case.

117.3. Registration shall be published in the form and within the period fixed by the Regulations.

117.4. The Office shall record in the register any change in the identity of the proprietor of the industrial design OR LAYOUT DESIGN or his representative, of proof thereof is furnished to it. A fee shall be paid, with the request to record the change in the identity of the proprietor. If the fee is not paid, the request shall be deemed not to have been filed. In such case, the former proprietor and the former representative shall remain subject to the rights and obligations as provided in this Act.

117.5. Anyone may inspect the Register and the files of registered industrial designs OR LAYOUT DESIGNS including files of cancellation proceedings."

Sec. 6. Section 118 of the same law is hereby amended to read as follows:

"SEC. 118. The Term of Industrial Design OR LAYOUT DESIGN Registration. - 118.1. The registration of an industrial design shall be for a period of five (5) years from the filing date of the application.

118.2. The registration of an industrial design may be renewed for not more than two (2) consecutive periods of five (5) years each, by paying the renewal fee.

118.3. The renewal fee shall be paid within twelve (12) months preceding the expiration of the period of registration. However, a grace period of six (6) months shall be granted for payment of the fees after such expiration, upon payments of surcharge.

118.4. The Regulations shall fix the amount of renewal fee, the surcharge and other requirements regarding the recording of renewals of registration.

118.5. THE REGISTRATION OF A LAYOUT DESIGN SHALL BE VALID FOR A PERIOD OF TEN (10) YEARS, WITHOUT RENEWAL, AND SUCH VALIDITY TO BE COUNTED FROM THE DATE OF COMMENCEMENT OF THE PROTECTION ACCORDED TO THE LAYOUT DESIGN. THE PROTECTION OF A LAYOUT DESIGN UNDER THIS ACT SHALL COMMENCE:

A) ON THE DATE OF THE FIRST COMMERCIAL EXPLOITATION, ANYWHERE IN THE WORLD, OF THE LAYOUT DESIGN BY OR WITH THE CONSENT OF THE RIGHT HOLDER, PROVIDED, THAT AN APPLICATION FOR REGISTRATION IS FILED WITH THE INTELLECTUAL PROPERTY OFFICE WITHIN TWO (2) YEARS FROM SUCH DATE OF FIRST COMMERCIAL EXPLOITATION; OR

B) ON THE FILING DATE ACCORDED TO THE APPLICATION FOR THE REGISTRATION OF THE LAYOUT DESIGN IF THE LAYOUT DESIGN HAS NOT BEEN PREVIOUSLY EXPLOITED COMMERCIALY ANYWHERE IN THE WORLD."

Sec. 7. Section 119 of RA 8293 is amended to read as follows:

SEC. 119. Application of Other Sections and Chapters. - 119.9. The following provisions relating to patents shall apply *mutatis matandis* to an industrial design registration:

Section 21 - Novelty;

Section 24 - Prior art: *Provided*, That the disclosure is contained in printed documents or in any tangible form;

Section 25 - Non-prejudicial Disclosure;

[Section 27 - Inventions Created Pursuant to a Commission];

Section 28 - Right to a Patent;

Section 29 - First to File Rule;

SECTION 30 - INVENTIONS CREATED PURSUANT TO A COMMISSION;

Section 31 - Right of Priority: *Provided*, That the application for industrial design shall be filed within six (6) months from the earliest filing date of the corresponding foreign application;

Section 33 - Appointment of Agent or Representative;

Section 51 - Refusal of the Application;

Section 56 to 60 - Surrender, Correction of and Changes in Patent;

Chapter II - Remedies of a Person with a Right to Patent;

Chapter VIII - Rights of Patentees and Infringement of Patents; and

Chapter XI - Assignment and Transmission of Rights

119.2. If the essential elements of an industrial design which is the subject of an application have been obtained from the creation of another person without his content, protection under this Chapter cannot be invoked against the injured party.

119.3. THE FOLLOWING PROVISIONS RELATING TO PATENTS SHALL APPLY *MUTATIS MUTANDIS* TO A LAYOUT DESIGN OF INTEGRATED CIRCUITS REGISTRATIONS:

SECTION 28 - RIGHT TO A PATENT;

SECTION 29 - FIRST TO FILE RULE;

SECTION 30 - INVENTIONS CREATED PURSUANT TO A COMMISSION;

SECTION 33 - APPOINTMENT OF AGENT OR REPRESENTATIVE;

SECTION 56 - SURRENDER OF PATENT;

SECTION 57 - CORRECTION OF MISTAKES OF THE OFFICE

SECTION 58 - CORRECTION OF MISTAKES IN THE APPLICATION;

SECTION 59 - CHANGES IN PATENTS;

SECTION 60 - FORM AND PUBLICATION OF AMENDMENT

CHAPTER VII - REMEDIES OF A PERSON WITH A RIGHT TO PATENT;

CHAPTER VIII - RIGHTS OF PATENTEES AND INFRINGEMENT OF PATENTS PROVIDED THAT THE LAYOUT DESIGN RIGHTS AND LIMITATION OF LAYOUT-DESIGN RIGHTS PROVIDED HEREUNDER SHALL GOVERN;

CHAPTER X - COMPULSORY LICENSING;

CHAPTER XI - ASSIGNMENT AND TRANSMISSION OF RIGHTS.

119.4. RIGHTS CONFERRED TO THE OWNER OF A LAYOUT DESIGN REGISTRATION - THE OWNER OF A LAYOUT DESIGN REGISTRATION SHALL ENJOY THE FOLLOWING RIGHTS:

1. TO REPRODUCE, WHETHER BY INCORPORATION IN AN INTEGRATED CIRCUIT OR OTHERWISE, THE REGISTERED LAYOUT DESIGN IN ITS ENTIRETY OR ANY PART THEREOF, EXCEPT THE ACT OF REPRODUCING ANY PART THAT DOES NOT COMPLY WITH THE REQUIREMENTS OF ORIGINALITY; AND

2. TO SELL OR OTHERWISE DISTRIBUTE FOR COMMERCIAL PURPOSES THE REGISTERED LAYOUT DESIGN, AN ARTICLE OR AN INTEGRATED CIRCUIT IN WHICH THE REGISTERED LAYOUT-DESIGN IS INCORPORATED.

119.5. LIMITATIONS OF LAYOUT RIGHTS - THE OWNER OF A LAYOUT DESIGN HAS NO RIGHT TO PREVENT THIRD PARTIES FROM REPRODUCING, SELLING OR OTHERWISE DISTRIBUTING FOR COMMERCIAL PURPOSES THE REGISTERED LAYOUT DESIGN IN THE FOLLOWING CIRCUMSTANCES:

1. REPRODUCTION OF THE REGISTERED LAYOUT DESIGN FOR PRIVATE PURPOSES OR FOR THE SOLE PURPOSE OF EVALUATION, ANALYSIS, RESEARCH OR TEACHING;

2. WHERE THE ACT IS PERFORMED IN RESPECT OF A LAYOUT DESIGN CREATED ON THE BASIS OF SUCH ANALYSIS OR EVALUATION AND WHICH ITSELF IS ORIGINAL;

3. WHERE THE ACT IS PERFORMED IN RESPECT OF A REGISTERED LAYOUT DESIGN, OR IN RESPECT OF AN INTEGRATED CIRCUIT IN WHICH SUCH A LAYOUT DESIGN IS INCORPORATED, THAT HAS BEEN PUT ON THE MARKET BY OR WITH THE CONSENT OF THE RIGHT HOLDER;

4. RESPECT OF AN INTEGRATED CIRCUIT WHERE THE PERSON PERFORMING OR ORDERING SUCH AN ACT DID NOT KNOW AND HAD NO REASONABLE GROUND TO KNOW WHEN ACQUIRING THE INTEGRATED CIRCUIT OR THE ARTICLE INCORPORATING SUCH AN INTEGRATED CIRCUIT, THAT IT INCORPORATED AN UNLAWFULLY REPRODUCED LAYOUT DESIGN: PROVIDED, HOWEVER, THAT AFTER THE TIME THAN SUCH PERSON HAS RECEIVED SUFFICIENT NOTICE THAT THE LAYOUT DESIGN WAS UNLAWFULLY REPRODUCED, THAT PERSON MAY PERFORM ANY OF THE SAID ACTS ONLY WITH RESPECT TO THE STOCK ON HAND OR ORDERED BEFORE SUCH AND SHALL BE LIABLE TO PAY TO THE RIGHT HOLDER A SUM EQUIVALENT TO AT LEAST 5% OF NET SALES OR SUCH OTHER REASONABLE ROYALTY AS

WOULD BE PAYABLE UNDER A FREELY NEGOTIATED LICENSE IN RESPECT OF SUCH LAYOUT DESIGN; OR

5. WHERE THE ACT IS PERFORMED IN RESPECT OF AN IDENTICAL LAYOUT DESIGN WHICH IS ORIGINAL AND HAS BEEN CREATED INDEPENDENTLY BY A THIRD PARTY."

Sec. 8. Section 120 of the Intellectual Property Code is hereby amended to read as follows:

"SEC. 120. *Cancellation of Design Registration.* - 120.1. At any time during the term of the industrial design registration, any person upon payment of the required fee, may petition the Director of Legal Affairs to cancel the industrial design on any of the following grounds:

a. If the subject matter of the industrial design is not registrable within the terms of Sections 112 and 113;

b. If the subject matter is not new; or

c. If the subject matter of the industrial design extends beyond the content of the application as originally filed.

120.2. Where the grounds for cancellation relate to a part of the industrial design, cancellation may be affected to such extent only. The restriction may be effected in the form of an alteration of the effected features of the design.

120.3. ANY INTERESTED PERSON MAY PETITION THAT THE REGISTRATION OF A LAYOUT DESIGN BE CANCELLED ON THE GROUND THAT:

i. THE LAYOUT-DESIGN CANNOT BE PROTECTED UNDER THIS ACT.

ii. THE RIGHT HOLDER IS NOT ENTITLED TO PROTECTION UNDER THIS ACT; OR

iii. WHERE THE APPLICATION FOR REGISTRATION OF THE LAYOUT DESIGN, WAS NOT FILED WITHIN TWO (2) YEARS

FROM ITS FIRST COMMERCIAL EXPLOITATION ANYWHERE IN THE WORLD.

WHERE THE GROUNDS FOR CANCELLATION ARE ESTABLISHED WITH RESPECT ONLY TO A PART OF THE LAYOUT DESIGN, ONLY THE CORRESPONDING PART OF THE REGISTRATION SHALL BE CANCELLED.

ANY CANCELLED LAYOUT-DESIGN REGISTRATION OR PART THEREOF, SHALL BE REGARDED AS NULL AND VOID FROM THE BEGINNING AND SHALL BE IMMEDIATELY WITHDRAWN FROM THE RECORDS OF THE INTELLECTUAL PROPERTY OFFICE. REFERENCE TO ALL CANCELLED LAYOUT DESIGN REGISTRATION SHALL BE PUBLISHED IN THE IPO GAZETTE."

SEC. 2. *Implementing Rules and Regulations.* - The Intellectual Property Office may issue Regulations prescribing details for the implementation of this law. The Regulations may, in particular provide for the payment of fees in connection with applications for the registration of layout designs of integrated circuits and matters related thereto, including Administrative Instructions relating to the procedures and other functions of the responsible unit duly designated by the Director General.

SEC. 3. *Applicability.* - The provisions of this Act shall apply to layout designs of integrated circuits that were commercially exploited anywhere in the world from and after January 1998 provided they meet the conditions for protection under this Act.

SEC. 4. *Repealing Clause.* - All Acts, parts of Acts inconsistent herewith are hereby repealed or amended accordingly.

SEC. 5. *Separability Clause.* - If any provision of this Act or the application of such provision to any circumstance is held invalid, the remainder of this Act shall not be affected thereby.

SEC. 6. *Effectivity.* - This Act shall take effect: fifteen (15) days after its complete publication in the *Official Gazette* or in at least two (2) newspapers of general circulation.

Approved,

Senator Sotto. Mr. President, for the sponsorship speech, may I ask that Sen. Ramon B. Magsaysay Jr. be recognized.

The President. Sen. Ramon B. Magsaysay Jr. is recognized.

#### SPONSORSHIP SPEECH OF SENATOR MAGSAYSAY

Senator Magsaysay. Thank you, Mr. President.

As chairman of the Committee on Trade and Commerce, I have the honor of sponsoring Committee Report No. 218, the bill on the protection of layout designs or topographies on integrated circuits. The bill is consistent with the mandate of the 1987 Philippine Constitution declaring that "The State shall protect and secure exclusive rights of scientists, inventors, artists and other gifted citizens to their intellectual property and creations, particularly when beneficial to the people, for such period as may be provided by law." (Art. XIV, Sec. 13)

At the outset, allow me to introduce the concept of layout design. Layout design is synonymous with "topography" and means the three-dimensional disposition, however expressed, of the elements, at least one of which is an active element and some or all of the interconnections of an integrated circuit, or such a three-dimensional disposition prepared for an integrated circuit intended for manufacture.

To illustrate the significance and practical application of layout designs, imagine the transformation of a room-sized computer of the early 1950s to a desk-type version of the 1990s and lately of the palm top model which fits the palm of one's hand. Consider the bulky cellphone of the early '80s to the present lighter and smaller multifunctional model having computer and text-messaging capabilities, including wireless Internet. These developments are results of continuous layouting of electronic elements to form the topography or arrangement according to the desired functionality and/or ornamentality predetermined by the designer or the creator.

Industrial design, which includes layout design, promotes the creative improvement of products and product systems and cater to the psychological satisfaction and physical/aesthetic need of the market. These man-made products may be as basic as a piece of furniture, a radio, a watch or a new airplane and even integrated circuits and associated electronic products which are part of the final product. The invention of the sing-along system or karaoke by Bert del Rosario, the famous Filipino inventor, the Eliseo Rio's short distance measuring device using pulsed laser diodes, and the audio system of Arthur Casas are just a few of the many electronic inventions proudly made by Filipinos.

This policy measure promotes an environment conducive to ingenious and inventive Filipinos because reverse engineering is permissible to be carried out on layout designs from developed countries. With our citizens' analytical and creative minds, they can be improved and, hence, will result in an independently created layout design which can be adapted for local application. The bill seeks to preserve an originator's lead time against outright copying, while encouraging second-comers to abbreviate that lead time by rapid reverse engineering and by fashioning the improvement or innovation to which it naturally leads.

The bill also complements the further growth of the electronics sector, Mr. President, in particular, the semiconductor industry, which needs the biggest assistance of the government considering that it is the forerunner of Philippine exports today. As a matter of fact, our total actual level of exports in the whole of 1999 reached US\$34.978 billion, almost US\$35 billion. Electronics contributed the biggest chunk at US\$25.343 billion, or 72.45% of the total exports of the country, with perennial winners as garments, coconuts, gift items, toys, fashion accessories and the furniture and crafts sector trailing behind the electronics industry.

The bill is likewise vital as it will boost the development of professionals belonging to the industrial design sector. It should be noted that at present, there are a number of reputable academic institutions that offer industrial design as a course. These tertiary institutions include the University of the Philippines College of Fine Arts (UP-CFA), University of Sto. Tomas (UST), De La Salle College of Saint Benilde (DLSU-CSB), Mapua Institute of Technology (MIT), Philippine Women's University (PWU) and La Consolacion College.

The Intellectual Property Rights Code of the Philippines, the digest of IP matters, processes and rules, while making "layout designs or topographies or integrated circuits" as part of the definition of "intellectual property rights," does not provide a complete framework to allow the flourishing of layout designs. This bill hopes to bridge that gap, believing that in the next decade, we will see Filipino-made layout designs included in electronic products ready for domestic consumption and even available for export.

Thank you, Mr. President.

The President. The Majority Leader is recognized.

Senator Sotto. Mr. President. I move that we suspend consideration of Senate Bill No. 1989.

Senator Magsaysay. Mr. President, before we suspend

consideration of Senate Bill No. 1989, may I kindly mention the names of the officials of the Intellectual Property Office who are present. Briefly, these are: Deputy Director General Ronald dela Cruz, who is here with us; Director Estrellita Abelardo, Bureau of Legal Affairs; Director Epifanio Evasco, Bureau of Patents; and Director Carmen Peralta of the Documentation, Information & Technology Transfer Bureau.

**Thank you, Mr. President.**

**SUSPENSION OF CONSIDERATION OF S. NO. 1989**

**The President.** There is a motion to suspend consideration of Senate Bill No. 1989. Is there any objection? [Silence] There being none, consideration of the said measure is suspended.

**The Majority Leader is recognized.**

**SUSPENSION OF SESSION**

**Senator Sotto, Mr. President.** I move that we suspend the session for one minute.

**The President.** Is there any objection? [Silence] There being none, the session is suspended for one minute.

**It was 4:41 p.m.**

**RESUMPTION OF SESSION**

**At 4:48 p.m. the session was resumed.**

**The President.** The session is resumed.

**Senator Sotto, Mr. President, Senator Osmeña III would like to have the floor for a point of personal privilege.**

**The President.** Senator Serge Osmeña III is recognized.

**QUESTION OF PRIVILEGE OF SENATOR OSMEÑA III**  
**(On the Application of Policy Order 2000-13 (OSP))**

**Senator Osmeña III.** Personal and collective privilege, Mr. President.

**Mr. President,** on July 3rd during the break, my staff received a copy of Policy Order 2000-13 (OSP). And this covers the subject of the revised guidelines in the payment of incentive allowance for overtime service applicable to the Senate.

**Now, Mr. President,** the senators were not consulted when

this order was issued. And may we know, just to guide us in the future, what will probably be an effective cut in the budget of the individual senators can merely be carried out by executive fiat.

**The President.** As far as the Chair remembers, there is no cut in the senators' budget. The overtime allowance will be charged to the budget of the Secretariat.

**Senator Osmeña III.** Then, if I might be permitted, let me point out Guideline No. 17, which reads as follows:

During session days, a maximum of three (3) rank and file employees per Senator's Office in addition to those whose salaries are under the Secretariat Payroll, shall be allowed to claim overtime incentive allowance payable from the Senate Secretariat fund. Any employee from Senator's office over the three (3) allowed and who performs overtime work can claim his/her incentive allowance from his/her respective Senator's Office budget.

**And that is a cut, Mr. President.** Because essentially, at this very moment, practically all the senators have their office staffers waiting for them.

**The President.** The senator has the absolute control over the overtime services of his staff, and the senator is provided with his own budget. Certainly, it is only when the budget of the fourth staff becomes material that it is chargeable to the senator's budget. The senator concerned can deny the overtime incentive allowance of the fourth staff. This is a cost-cutting measure which the Office of the Senate President has instituted in view of the expenses incurred on overtime allowance.

**Senator Osmeña III.** Thank you for that, Mr. President. So there is a cut in the budget. Because essentially, if I now have to pay out of the senator's budget what was normally paid by the Secretariat budget for overtime of staff over and above three, then we are eating into our own budget.

**The President.** There is no budget for overtime incentive to the senator. The budget is in the Secretariat and in fact, there is no provision for overtime incentive allowance to the senator's staff.

**Senator Osmeña III.** That is correct.

**The President.** And the matter of allowing the senator to charge up to three for his staff to the Secretariat is, in fact, an additional budget to each senator.