

Standing Committee on the Law of Patents

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PATENT LAW PROVISIONS THAT CONTRIBUTE TO EFFECTIVE TRANSFER OF TECHNOLOGY, INCLUDING SUFFICIENCY OF DISCLOSURE

Document prepared by the Secretariat

1. The Standing Committee on the Law of Patents (SCP), at its twenty-ninth session, held in Geneva from December 3 to 6, 2018, agreed that the Secretariat would continue to compile information on patent law provisions that had contributed to effective transfer of technology, including sufficiency of disclosure. On this subject, Member States shared information and their experiences during, in particular, the twenty-seventh and twenty-eighth sessions of the SCP held in December 2017 and July 2018, respectively, and following the discussions within the SCP, document SCP/29/6 containing the compilation of such information was submitted to the twenty-ninth session of the SCP.¹

2. Similar to the style of document SCP/29/6, this document presents, on a country-by-country basis, a summary of the information received from Member States, in response to Circular C. 8828, dated January 7, 2019.² It contains not only the specific legal provisions under the patent law but also technology transfer law as well as practical tools, programs and initiatives, which are based on, or promote the use of, such legal provisions.

¹ As to practical examples of patent-related transfer of technology, see also documents SCP/18/8 (Patents and Transfer of Technology: Examples and Experiences), SCP/20/10 (Patents and Transfer of Technology: Further Practical Examples and Experiences) and SCP/21/10 (Patents and Transfer of Technology: Further Practical Examples and Experiences). In addition, during the twenty-third session of the SCP, held in Geneva in November 2015, the Committee discussed the topic of transfer of technology vis-à-vis sufficiency of disclosure.

² The full submission by the Member States are available at:
https://www.wipo.int/scp/en/meetings/session_30/comments_received.html.

3. As to the legal provisions under the patent law *per se*, the following provisions were addressed in the Member States' submissions: sufficiency of disclosure; contents of patent applications; publication of patent applications and patents; licensing and transfer of patent rights, including registration, mechanisms to incentivize voluntary licensing offers and IP ownership and licensing by universities and spin-off companies; fee reduction for universities and small or micro entities; and quality advice from patent agents.

Argentina

4. The National Institute of Industrial Property (INPI) leads a series of initiatives directly related to the effective transfer of technology, which includes the following: (i) an initiative "Patents open to voluntary licensing" provides a platform for patent owners to express their willingness to license their patents; (ii) licensors of IP rights may register the relevant contract at INPI and obtain tax benefits; (iii) the disclosure requirement under the Argentina patent law is another important factor for technology transfer; (iv) universities, small businesses and microenterprises benefit from reduction of fees; and (v) trainings to become a qualified patent agent is being redesigned in order to improve its quality.

Australia

5. University-industry collaboration is a major focus in the National Innovation and Science Agenda (NISA). Under NISA, the Innovation and Science Australia (ISA) is an independent statutory body to provide whole-of-system advice on science, research and innovation. Its 2030 Plan "Australia 2030: Prosperity through Innovation" sets out a vision for Australia to be the top tier of innovation nations by 2030. Programs such as the "Accelerating Commercialisation Programme" and the "Incubator Support Initiative" are currently being run through this Plan.

6. Other Australian Government programs which are effective contributors to technology transfer includes the Cooperative Research Centres (CRC) Program. This supports industry-led collaborations between industry, researchers and the community both nationally and internationally. Both long-term grants and shorter-term projects are made available under this Program. In addition, the R&D Tax Incentive is the Australian Government's largest program to encourage additional industry investment in research and development. It is a market driven program that is accessible to companies of all sizes from all industry sectors, and offers tax offsets for eligible R&D expenditure.

7. With respect to university-industry collaboration, the Australian Network of Universities (ATN) brings together four major universities in Australia, which have adopted a common IP commercialization policy with goals to collaborate and attract industry partners.

8. Within IP Australia, with the assistance of the Department of Industry, Science and Technology, the "IP Toolkit" was developed to simplify the management of IP in collaborations between researchers and business. The toolkit includes: (i) a collaboration checklist covering the key issues that need to be considered; (ii) contract, confidentiality agreement and term sheet templates; and (iii) guidance and information to help collaborating parties manage their IP. Source IP, launched November 2015, is another initiative developed by IP Australia that connects businesses with Australian public-sector research organizations who have patented technology available to license. This platform was created to facilitate potential collaboration opportunities between businesses and public-sector research bodies. The collaboration of a small Australian tech start-up called Forcite Helmet Systems with the University of New South Wales (UNSW) is one of the successful examples of collaboration using the Source IP platform.

9. Patent licenses are frequently involved when establishing a spin-off company, a joint venture or a strategic alliance. Patent licenses are also typical in collaboration and consortium arrangements, sponsored research agreements, and manufacture and supply agreements. The Patents Act 1990 (Cth) does not specify any formalities that must be satisfied for a patent license to be valid and enforceable. However, as a matter of commercial practice, the terms of a patent license are typically set out in a written document executed by the parties to the agreement.

Brazil

10. The configuration of the Brazilian procedures of international technology transfer was constituted by the Law No. 3470 (November 28, 1958), Ordinance 436 (December 30, 1958), and Law No. 4506 (November 30, 1964) about royalties income tax. Additionally, Law No. 4,131 (1962) regulates the application of foreign capital and royalty remittance, including the role of the Central Bank and tax deductions relating to royalties due to the exploitation of patents, use of brands and technical, scientific, administrative or similar assistance. The context of the 1950s to the late 1980s was marked by “industrialization through import substitution”, in order to internalize and develop Brazilian technology and industrial park. Later policy, however, is developed in the context of the need to increase the flow of technology to the subsidiaries installed in Brazil and to promote the technological qualification of the subsidiaries that have settled in Brazil during the 1990s and were already installed in Brazil previously.

11. The acquisition of technology or patent exploitation license between related companies and within the same economic group reduces the degree of technology asymmetry, the R&D expenditure and the risk of the technological development process by the Brazilian subsidiary. There is no limitation of royalty remittance between companies not linked to the acquisition of technology or license of industrial property right, but the transaction will only have the deduction set forth in Ordinance 436 (1958). The royalties remittance between a Brazilian subsidiary and its foreign parent company for patent license and license to use a trademark is not subject to the transfer pricing.³ For that purpose, the contracts need to be registered and recorded at the National Institute of Industrial Property (INPI).⁴

12. With INPI Normative Instruction No. 70 (April 11, 2017), the Institute does not analyze, as from July 1, 2017, contracts that were registered at INPI, and therefore, does not observe royalty remittance and other tax normative criteria. INPI establishes the scope of the object of the contract related to the transfer of technology, industrial property rights license and franchise.⁵ The registration of patent license agreements at INPI is subject to the following aspects:⁶ (i) a patent application must be applied, and a patent must be granted, in Brazil; (ii) the licensor of the patent must be the patent holder. If the licensor is not the holder, an authorization from the patent holder must be submitted for sublicensing; (iii) if the nature of the license agreement is exclusive, the licensor may not submit another contract for the same patents to INPI; (iv) patent applications cannot be remunerated. As soon as the patents are granted, a petitioner submits a petition for amendment of the “Certificate of Averbation” and the remuneration will revert to the date of commencement of the first “Certificate of Averbation”; (v) the maximum term of the patent exploitation license is the term of validity of the patent in Brazil; and (vi) the time for issuing a decision regarding the application for the registration of a patent license agreement and petitions to the process is 30 days from the notification in the “*Revista de Propriedade Industrial*”.⁷

³ Article 22 of Law No. 4506 (1964), Article 18 § 9 of Law No. 9,430 (1996), Article 242 § 10 of Decree No. 9,580 (2018), and Article 55 of the Normative Instruction of the Federal Revenue Secretariat 1312 (2012).

⁴ Article 50 of Law No. 8,383 (1991).

⁵ Normative Instruction No. 70 (2017) and to INPI Resolution No. 199 (2017).

⁶ INPI/PR Resolution 199 (2017).

⁷ <http://revistas.inpi.gov.br/rpi/>.

Colombia

13. In addition to Law No. 1838/2017 on Spin-off,⁸ reference is made to the following provisions in the Andean Community Decision No. 486:

“Article 56. A granted or pending patent may be transferred by *inter vivos* transaction or by succession. Any transfer of a granted patent shall be registered with the competent national office. Failure to register shall cause the transfer to be unenforceable against third parties. For the purposes of registration, transfer shall be evidenced in writing. Any interested party may seek the registration of a transfer.

Article 57. The owner of a granted or pending patent may license the working of the invention concerned to one or more third parties. Any license for the working of a granted patent shall be registered with the competent national office. Failure to register shall cause the license to be unenforceable against third parties. For the purposes of registration, the license shall be evidenced in writing.”

14. In practice, the following strategies are generally used to transfer technology through intellectual property assets: (i) sale of rights in intellectual property assets; (ii) licensing of intellectual property assets; (iii) joint ventures or cooperation agreements (strategic alliances) under a research and development project, designed to generate new technologies, products or processes; (iv) formation of new technology-based firms (spin-offs and start-ups); (v) provision of technical advice and/or specialized services outside the scope of property rights or industrial secrecy, comprising counselling, engineering, studies and technological support; (vi) staff mobility, including the intake of professionals skilled in technical, technological and scientific subjects; (vii) establishment of firms for the commercial exploitation of a specific technology; (viii) merger or acquisition of technology- and knowledge-based firms; and (ix) sale and purchase of information and communication technology capital goods.

Costa Rica

15. According to the *Centro de Vinculación del Instituto Tecnológico de Costa Rica*: Technology transfer can be managed through negotiations on a patent-protected invention or by any other means. Patents are very appropriate instruments for innovation processes but are not the only way to manage technology transfer. There has been no practical experience, at least in Costa Rica, of the patent system constituting a barrier or impediment to the management of intangible assets. On the contrary, we believe it opens many possibilities for technological negotiation in Costa Rica. Nor does legislation represent an obstacle to such transfers. It is in fact a tool and only one of multiple factors entering into technology transfer.

16. In the same vein, PROINNOVA (UCR) considers intellectual property an important tool for technology transfer from a public university. They note that the purpose of patent law is to regulate the patenting process for the protection of inventions, while the purpose of technology transfer law⁹ is to “facilitate the processes of applying research findings in society”. He also states that: “In developing countries like ours, public universities are the main centers for scientific research, basic as well as applied, and a source of technologies and ways to adapt them to local needs. They are spaces where researchers, teachers and students generate knowledge every day that may eventually be protected by means of intellectual property rights, including patents. People need recognition from others for their additional contributions in creating works or inventions, offering them to society and thereby improving humanity. The recognition of intellectual property rights is an important part of such an incentive structure. He concludes that “Public universities should make sure that resources are being used

⁸ See document SCP/29/6, paragraph 9.

⁹ Law No. 7169 for the Promotion of Scientific and Technological Development.

appropriately, bearing particularly in mind that intellectual property protection is not an end in itself but a means or tool for achieving the institution's public purpose".

Ecuador

17. COESCCI is a normative instrument that transforms understanding of intellectual property and upgrades the National Office of Intellectual Property from an entity that functions as a mere registry to one that contributes to intellectual property management. The objective of COESCCI is to: promote the transfer of technology; generate science, technology and innovation; change the production facilities in the country through the formation of social innovation, research and academic networks; and strengthen such networks through complementarity and solidarity as well as through mechanisms that promote the generation of research, technological development and innovation with a high degree of national component.¹⁰ Articles 8, 23 and 74 to 84, among others, are relevant to transfer of knowledge and technology.

18. Currently, the functions of the Secretariat for Higher Education, Science, Technology and Innovation (SENESCYT) include technology transfer activities. However, as per its mandate, the National Office of Intellectual Property participates in related activities through dissemination events to promote the proper management of intellectual property and the use of technological information as a tool for the transfer of knowledge and technology.

Kazakhstan

19. Kazakhstan's experience shows that the main contribution to the effective spread of technology is to support commercialization. Commercialization activities are regulated by the Law of the Republic of Kazakhstan "On the commercialization of the results of scientific and/or scientific and technical activities". The Law establishes the principles of state policy in this area, such as transparency, guaranteeing the rights and interests of stakeholders, income generation, economic incentives for commercialization of scientific and/or scientific and technical activities in priority sectors of the economy, integration of education, science, production and innovation development institutions. The Ministry of Industry and Infrastructure Development has the competence to control and monitor the implementation of the state policy. The scope of subjects of commercialization is quite extensive, including, but not limited to, business entities, accredited foreign higher educational institutions and scientific organizations, start-ups, service companies and technology parks.

20. The state's contribution to the diffusion of technology lies in the implementation of "commercialization assistance programs". They are developed by government agencies, institutions of higher education and scientific organizations. In the period from 2011 to 2018, 355 contracts for the provision of innovative grants of over \$ 50 million were concluded. Only in the first half of 2018, 375 jobs were created and the total volume of output amounted to 85 million US dollars.

Kyrgyzstan

21. The Law of Kyrgyz Republic "On innovation activity" of November 26, 1999, No. 128, aims at increasing the level of economic, environmental and social welfare of the population and the security of the state by enhancing effective management of innovation and investment activities,

¹⁰ <https://www.wipo.int/edocs/lexdocs/laws/es/can/can012es.pdf>.

transfer of scientific achievements and acquisition of technologies for production of goods and services in the country. The purpose of innovation is the production of technological solutions in the form of knowledge, technology, equipment and methods of organizing production in order to obtain new products or goods (services) with higher quality.

Malaysia

22. Regulation 12 of the Patents Act 1983 provides the requirement on the contents of the description (state the title of the invention; specify the technical background art; disclose the invention in such terms that it can be understood and in a manner sufficiently clear and complete for the invention to be evaluated and to be carried out by a person having ordinary skill in the art, and state any advantageous effects of the invention with reference to the background art; briefly describe figures in the drawing; describe the best mode contemplated by the applicant for carrying out the invention; and indicate the way in which the invention is industrially applicable).

23. Section 34 of the Patents Act allows for public inspection of a patent application after 18 months from the priority date (or filing date) with respect to the following information: the name, address and description of the applicant and the name and address of his/her agent; the application number; the filing date of the application and if priority is claimed, the priority date; the particulars of the application including description, claim(s), drawing(s) if any, and the abstract; and any change in ownership of the application and any reference to a license contract.

24. In addition, Part IX of the Patents Act defines license contracts and the rights of a licensee and a licensor.

Portugal

25. Portugal provides seven models of Technology Transfer Research and Development Agreements to facilitate the creation of partnerships between universities and companies. They are: unilateral confidentiality agreement; bilateral confidentiality agreement; exclusive patent exploitation license agreement; non-exclusive patent exploitation license agreement; regulation of ownership of R&D results; technological development contract; and research results sharing agreement.

26. These agreements are provided on the INPI website in simple and annotated versions, containing negotiating principles and conditions that can be applied to different types of research cooperation projects. They are based on three principles: (i) sharing of information; (ii) ownership of research results; and (iii) definition of exploitation rules. The Agreements must be adapted to the concrete circumstances of each collaboration, and do not exempt the consultation with a professional.

Republic of Moldova

27. The Agency for Innovation and Technology Transfer (AITT), created by the Supreme Council for Science and Technological Development, links scientists, public authorities and entrepreneurs to promote technology transfer.¹¹ The duties of AITT includes: (i) implementing the state policy in the field of innovation and technology transfer; (ii) elaborates proposals for improving the legal framework on innovation and technology transfer;

¹¹ <http://www.aitt.asm.md/node/29>.

(iii) establishing the strategic directions of innovation and technology transfer activities; (iv) participating in the partnership between the organizations in the field of science and innovation, the higher education institutions and the production enterprises; (v) determining the volume of financial allocations to support innovation and technological transfer programs and projects, to be approved by the Supreme Council; (vi) organizing the state registration and accounting of innovation and technology transfer programs and projects; (vii) coordinating the process of creating the innovation and technology transfer infrastructure; (viii) providing specialized assistance in the relevant field; (ix) exhibiting achievements in the relevant field; and (x) exercising other duties established by law.

28. Jointly with the Academy of Sciences of Moldova, AITT created the scientific-technological parks and innovation incubator, which provide Moldovan companies with a number of strategic and logistic services for their development. Currently, there are three scientific-technological parks and one innovation incubator.

Romania

29. In Romania, technology transfer is a priority for all the actors involved in the education-research-innovation domain. The Innovation and Technology Transfer Bureau within the Ministry of Research and Innovation implements the National Research, Development and Innovation Strategy 2014-2020. OSIM supports this process of accelerating the technology transfer mainly through awareness-raising actions, seminars at universities and research institutes and publication of articles in the OSIM Industrial Property Review (RRPI).

Spain

30. Technology transfer is usually geared towards obtaining a commercial return on knowledge and results of R&D and innovation, with the establishment of contractual relationships. It must take into account the particular characteristics of knowledge transfer, given that once the transfer has occurred, it is very difficult to revert to the initial state. This means that the transmitter of the information or knowledge must take every precaution to avoid complicated situations in the future. Contracts governing technology transfer, therefore, must be carefully drafted, considering all possible legal and financial ramifications. Accordingly, and given the need for universities, public research bodies and small and medium enterprises to have model contracts of this kind at their disposal, a multidisciplinary working group tasked with drafting the various model contracts was created and coordinated by the Spanish Patent and Trademark Office (OEPM). This working group is composed of representatives from the Supreme Council for Scientific Research (CSIC), *LES España y Portugal* (LES), the Ministry of the Economy, Industry and Competitiveness, OEPM and WIPO. So far, the following model contracts, together with their user guides, have been prepared, and are available on the OEPM website in Spanish and English: (i) confidentiality; (ii) material transfer; (iii) license (public entity/corporation); (iv) license (corporation/corporation); and (v) research and development.¹²

United Kingdom

31. In addition to the information found in document SCP/29/6, reference is made to the following webpages:

- General information regarding licensing and licenses of right (www.gov.uk/guidance/licensing-intellectual-property#patents-and-licences-of-right)

¹² https://www.oepm.es/es/propiedad_industrial/transferencia_de_tecnologia/Modelos_de_Contratos/index.html.

- Business and University tools
 - (i) Lambert toolkit:
(www.gov.uk/guidance/university-and-business-collaboration-agreements-lambert-toolkit#overview)
 - (ii) IP for Research:
(https://crackingideas.com/third_party/IP+for+Research)
- Intellectual Asset Management Guide for Universities
(www.gov.uk/government/publications/intellectual-asset-management-for-universities)
- Business Tools
(www.gov.uk/government/collections/ip-for-business-events-guidance-tools-and-case-studies)

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