




**FRAMING A NATIONAL POLICY AND
LEGISLATION FOR MANAGING IPR
RESULTING FROM PUBLICLY
FINANCED RESEARCH &
DEVELOPMENT**

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**WIPO LIFESCIENCES SYMPOSIUM: PUBLIC SECTOR
INTELLECTUAL PROPERTY MANAGEMENT**
Geneva, Switzerland
15th December 2008

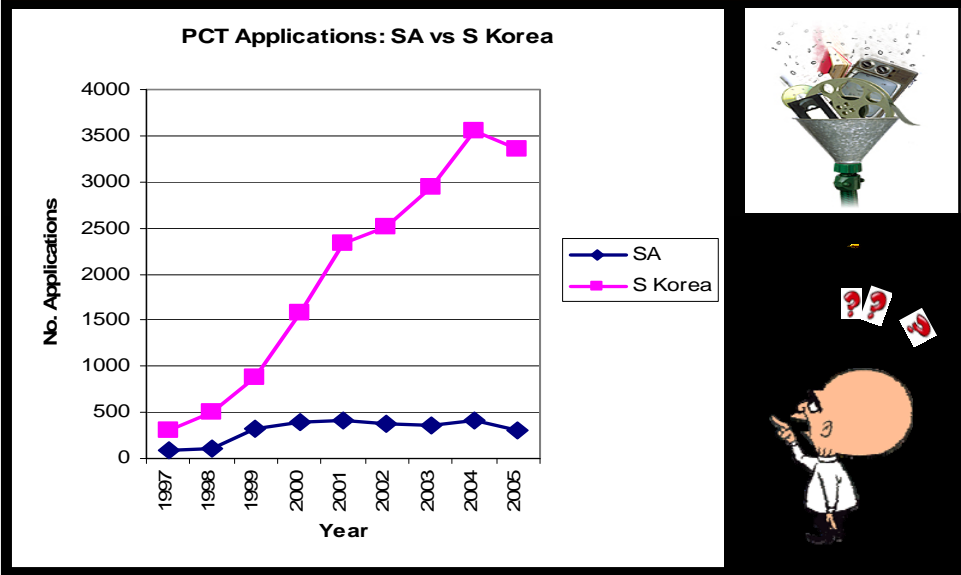


OVERVIEW

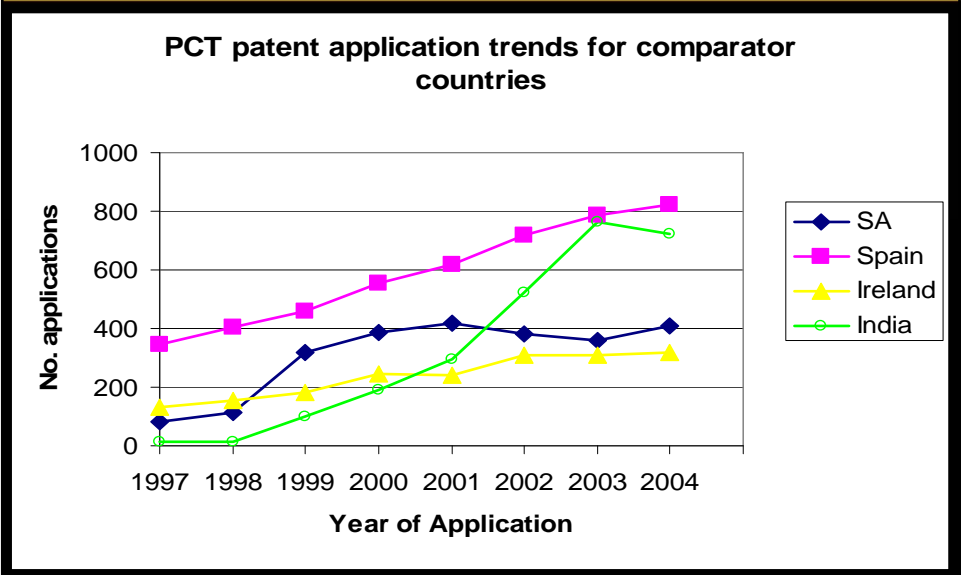
- BACKGROUND**
 - Patenting trends in South Africa
 - R&D Strategy – 2002
 - Systemic challenges
- POLICY FRAMEWORK**
- LEGISLATION**
- CONCLUDING REMARKS**



BACKGROUND Patenting by South Africans



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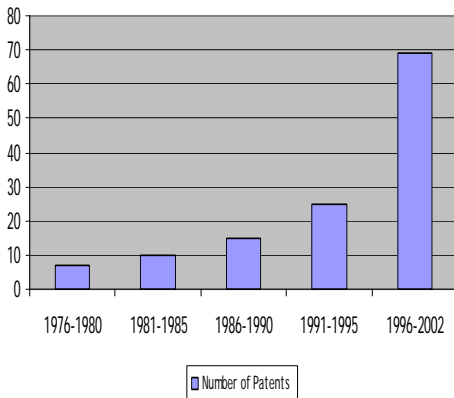




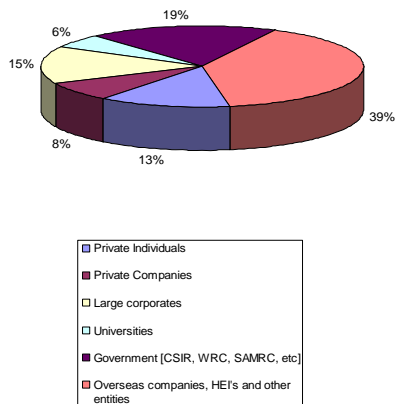
BACKGROUND

Life Sciences Patenting – SA Inventors

US Patents where a South African is listed as an inventor



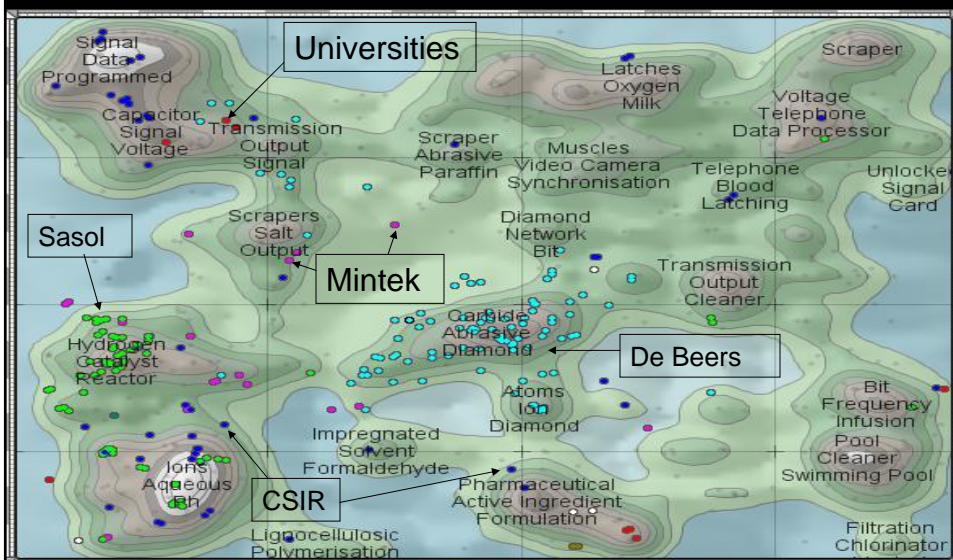
1996-2002 US Patents by assignation



●	Sasol
●	CSIR
●	Element six
●	Element Six and De Beers
●	Mintek
●	MRC
●	NECSA
●	Universities

PATENTS (EPO, USPTO) 1991 – 2005 (2050 patents)

73
55
11
101
17
4
3
12

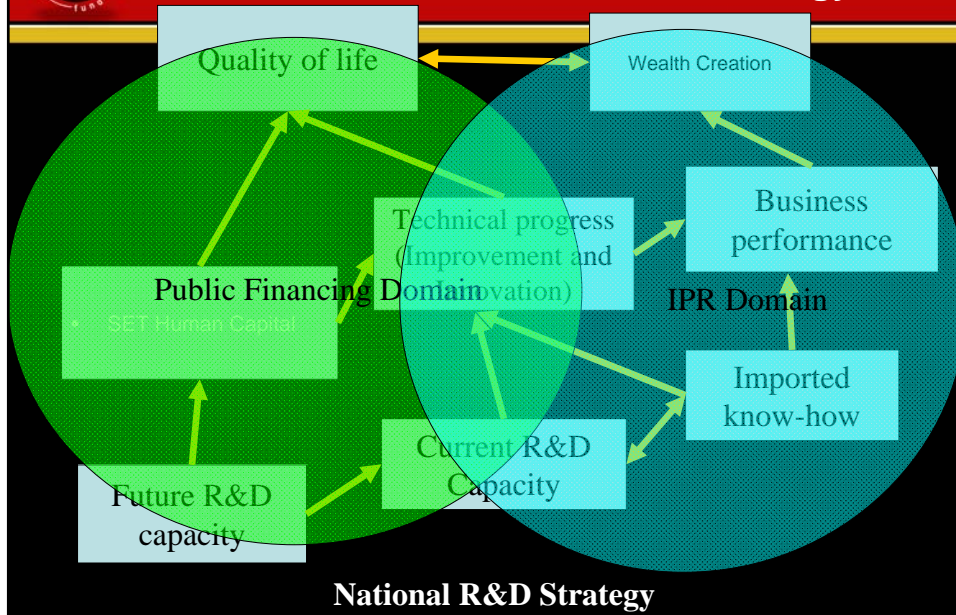




***Publicly financed institutions
accounted for about 5% of all
patent applications published by
the EPO, USPTO, and WIPO, which
have a South African priority***



BACKGROUND National R&D Strategy, 2002





BACKGROUND

Systemic Challenges – local context

- ❑ National R&D Strategy (approved July 2002). Section 7.6 considers intellectual property issues

'At present, there is little appreciation of intellectual property as an instrument of wealth creation in South Africa'

- financing of patenting competes with other developmental priorities
 - need for a proper framework and enabling legislation for management of IP when this is in the national interest.
- ❑ Increased public discourse in respect of output and impact of publicly financed research and development



BACKGROUND

Systemic Challenges – local context

- ❑ No national policies are in place with negative consequences
 - Loss of intellectual property
 - ❖ Locally
 - ❖ Off-shore jurisdictions
 - Poor commercial practices
 - No balance of incentives and regulation

- ❑ R&D Expenditure per Sector 2003/4

Sector	Business	Gov	HEI	Other
R&D Exp	55.5%	21.9%	20.5%	2.1%



BACKGROUND

Systemic Challenges – Global context

- ❑ IPR and public funding – very dynamic
 - Universities and public research organisations are major players
 - Feature of the knowledge economy
 - Increased “intangible” content in patents
 - Patents and life forms, genetics and bioresources
 - Patents and software, business methods, etc

- ❑ Geopolitical issues
 - WIPO, WTO, etc
 - Poverty, public health and IPR



IPR POLICY FRAMEWORK

Approach

- ❑ Consistent approach required to ensure protection of intellectual property developed with public financing

- ❑ Frameworks and legislation benchmarked against good practice globally and contextualised for national and regional efficacy

- ❑ Key functions identified and responsibilities allocated

- ❑ The focus of this framework is patenting of publicly financed research
 - Sensitivities regarding academic work
 - Easier to measure



IPR POLICY FRAMEWORK

Process

- Public presentations at LES forums and other public forums
 - increase public awareness
 - Solicit both public and industry concerns
- Cabinet approval of draft policy framework
- Extensive public consultation process
 - Publicly financed institutions
 - Industry partners
 - Funding agencies
 - Other government departments with overlapping responsibilities
- Revised draft policy framework



IPR POLICY FRAMEWORK

Key Issues ...1/2

- Intellectual property (patents) must be secured on the outputs of publicly financed research
 - Obligation to disclose potential IP
 - Government can secure IP if institution does not
- Obligations and benefits are linked
 - Ownership
 - Obligation to commercialise
- Individuals and institutions have defined rights
 - Ownership
 - Benefit sharing



IPR POLICY FRAMEWORK

Key Issues...2/2

- Certain patents can be secured to protect public interest and will not be licensed on commercial terms

- Preferences in commercialisation
 - non-exclusive licensing
 - local licensing
 - SMMEs and BEEs as licensors

- Government has walk-in rights on publicly financed IP in the national interest – free licence

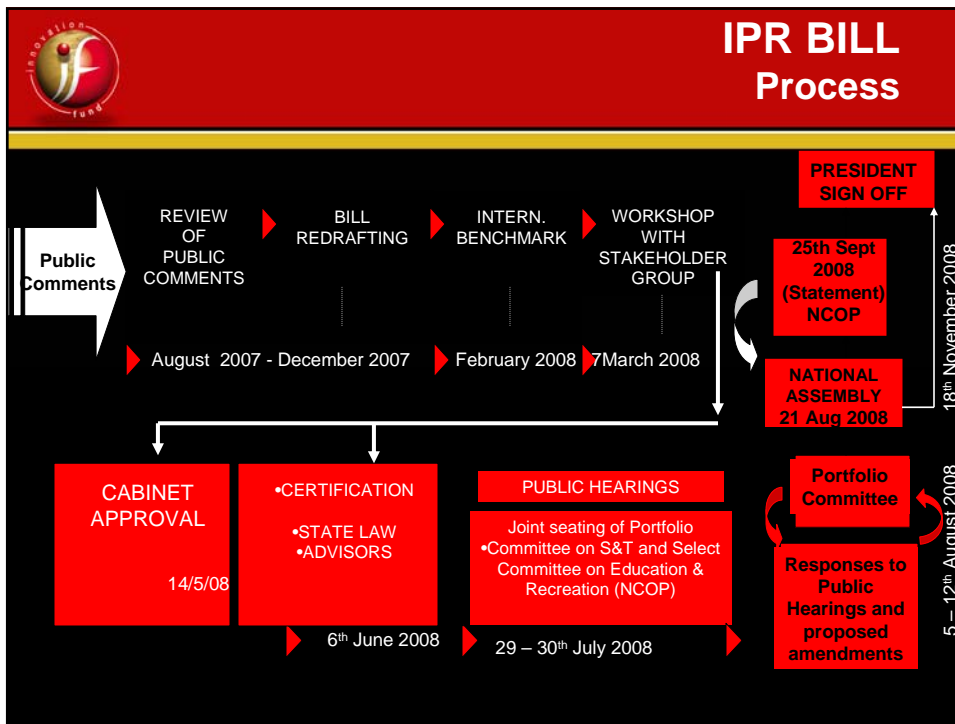
- Revenue to institutions will grow but it is not expected to be a major source of finance at the system level



IPR FROM PUBLICLY FINANCED RESEARCH AND DEVELOPMENT BILL

Towards an enabling legislative framework





IPR BILL Main Object

“To make provision that intellectual property emanating from publicly financed research and development is:

- *identified;*
- *protected;*
- *utilised and commercialised*

for the benefit of the people of the Republic, whether it be for a social, economic, military or any other benefit”



IPR BILL **Guiding Principles**

- 1. Consistent approach in protection of IP developed with public funds**
- 2. Benchmark against good global practice and contextualise for local efficacy**
- 3. Identify key rights, functions & obligations**
- 4. Good balance between incentives and control**
- 5. Certainty in terms of publicly financed IP**
- 6. Must not hinder private-public collaborations**



IPR BILL **IP Ownership**

- RECIPIENT: Universities, Research Institutes, Small Businesses**
 - have title to inventions developed with public funds and must obtain statutory protection (where applicable)
- National IP Management Office (NIPMO)**
 - Only where Recipient elects not to take title
 - Only where State will be prejudiced
- Private Sector partner / IP creator**
 - Where NIPMO elects not to take title



IPR BILL

National IP Management Office (NIPMO)

- Establishes NIPMO as an agency function under the Department of Science and Technology
 - Administrative Role
 - Facilitating and capacity development
 - Guidelines on transactions and related matters
 - Intellectual property fund management



IPR BILL

Institutional Arrangements

- Designated function of Office of Technology Transfer (OTT) at Institutions
- Regional OTTs may be established
- Mix of skills and interdisciplinary knowledge and expertise in IP protection, commercialisation, and entrepreneurship
- Various aspects relating to identification, protection and commercialisation of IP



IPR BILL Institutional Arrangements

INSTITUTION	IP Policy	Tech Transfer Capacity (Year Established)	INSTITUTION	IP Policy	Tech Transfer Capacity (Year Established)
University of Cape Town	Yes	Limited (2002)	University of Pretoria	Yes	Limited (1996)
University of Stellenbosch	Yes	Yes (1999)	North West University	Yes	Yes (2003)
Nelson Mandela Metropolitan University	Yes	Limited (2007)	University of the Witwatersrand	Yes	Limited (2003)
Rhodes University	Yes	No	University of Limpopo	No	No
Walter Sisulu Metropolitan University	Yes	No	Tshwane University of Technology	Yes	Limited (2005)
Durban University of Technology	No	No	University of KwaZulu-Natal	No	In process of establishment
University of Fort Hare	No	No	UNISA	No	No
Cape Peninsula University of Technology	No	No	University of Western Cape	No	No
Vaal University of Technology	No	No	CSIR	Yes	Yes (2001)
University of Johannesburg	Yes	Limited (2004)	Water Research Commission (WRC)	Yes	Limited (2003)
Central University of Technology	No	No	University of FortHare	No	No
Mangosuthu University of Technology	No	No	University of Zululand	No	No
Vaal University of Technology	No	No	Agricultural Research Council (ARC)	Yes	No
Medical Research Council (MRC)	Yes	Yes (2004)	Mintek	Yes	Limited

From: M Sibanda, Intellectual property, commercialisation and institutional arrangements at South African Publicly Financed Institutions, WIPO Economics of IP, 2008, in print



IPR BILL Benefit Sharing

□ IP creators and heirs at institutions

“Intellectual property creators at an institution and their heirs are entitled to the following benefit sharing:

- a) at least 20 per cent of the revenues accruing to the institution from such intellectual property for the first one million rand of revenues, or such higher amount as the Minister may prescribe; and*
- b) thereafter, at least 30 per cent of the nett revenues accruing to the institution from such intellectual property”*



IPR BILL IP Transactions

- ❑ IP Transactions: (i) licence; (ii) assignment
- ❑ Recipient empowered to conclude transactions on best terms
 - Assignment - an exception rather than a rule
 - Exclusive licence – appropriate performance clauses
 - Off-shore exclusive licence and assignments – benefit to the Republic and subject to regulations
 - **Preferences to South Africa** (priority Black-owned and Small Businesses)



IPR BILL Rights of the State

- ❑ Each IP Transaction Agreement to grant the State *“An irrevocable and royalty-free licence authorising the State to use or have the intellectual property used throughout the world for the health, security, and emergency needs of Republic”*
- ❑ Walk-in rights - in following circumstances:
 1. **Failure to disclose**
 - **Fatal and results in assignment of IP to State**
 2. **Non-use:**
 - specific consultative process with NIPMO
 - non-exclusive licence to third parties willing and able to commercialise



IPR BILL Co-Financed Research

- ❑ **Default position - IP owned by the institution**
 - Option to an exclusive licence
 - Capacity to manage and commercialize the IP in a manner that benefits the Republic
 - Performance clauses in exclusive licence agreement
 - Could be assigned in exceptional cases

- ❑ **Co-ownership of IP requires:**
 - joint IP creatorship; and
 - contribution of resources (e.g. include background IP); and
 - appropriate benefit sharing arrangements for IP creators; and
 - agreement for commercialization of IP



IPR BILL Full Cost Basis (FCB) Funded Research

- ❑ **Research and Development funded on FCB**
 - NOT publicly financed
 - Legislation does not apply except to define FCB

- ❑ **Full Cost Basis**
 - Direct AND Indirect costs of research and development
 - More defined in Regulations
 - ❖ NIPMO and Recipient institutions to agree on matrices to be used
 - ❖ Variations
 - institution to institution
 - faculty to faculty / business unit to business unit



CONCLUDING REMARKS

- ❑ **Access and availability of products from publicly financed research**
 - Very specific and broad language in IPR Policy Framework
 - Broad language in IP legislation
 - Specific provisions in the legislation
 - By disclosure obligation increasing likelihood that research results could have impact on society
- ❑ **Consultative process essential**
 - Be patient, understand the concerns – use external advice
 - Be less prescriptive, yet clear on ownership, obligations, duties, incentives, consequences, and rights of the State



THANK YOU