



WRC Intellectual Property Management: Guiding Principles

October 2009

1 Introduction

The Government of South Africa passed an Act entitled: "Intellectual Property Rights from Publicly Financed Research and Development Act (No. 51 of 2008)" (IPR Act) to meet the growing need to effectively protect and commercialise Intellectual Property (IP) emanating from publicly-funded research.

The WRC is currently aligning its activities with the IPR Act. The first logical step would be to revise the WRC Intellectual Property and Benefit Sharing Policies. It is clear that adopting a revised WRC IP and Benefit Sharing Policy would be premature as the regulations assisting in the interpretation of the Act are not yet finalized. However, since the WRC is, in terms of the IPR Act, obliged to comply with the provisions thereof, the WRC has since amended its WRC standard Memorandum of Agreement (MOA) accordingly.

Although it is premature to finalize the WRC IP and Benefit Sharing policy at this stage, an IP guiding principle document is proposed as the current IP and Benefit Sharing Policies of 2003 and 2005 are not in line with the clauses of the 2009 amended WRC standard MOA.

This document details the Guiding Principles which will apply until such time that the amended WRC IP and Benefit Sharing Policy is approved by the WRC Board.

2 Definitions

In this document, unless the context indicates otherwise:-

- 2.1 "**Intellectual property**" means any and all rights vesting in technical information, any invention, processes, information and/or know-how, improvements, copyrightable works, designs and trade secrets, including, but not limited to, records of confidential information generated or maintained, data, test results, bibliographies, research findings, organisms, cells, DNA sequences and other biological materials whether in a written or electronic form, raw or derived, in the form of text, multimedia, computer programs, spreadsheets, formatted fields in records, forms within files, databases, graphics, digital images, compositions, and executions of processes, developed by **Researchers** and/or **Contractors** within the scope of **WRC-funded Projects**.
- 2.2 "**Background Intellectual Property**" means intellectual property rights belonging to the Contractor, a **Researcher** and/or a third party associated with **The Project**, which existed prior to commencement of the Project.
- 2.3 "**Commercialisation**" means the process by which any intellectual property emanating from publicly-funded research and development is used, or may be adapted for use, for any purpose that may provide any benefit to society or for the purpose of commercial use on reasonable terms, and "**commercialise**" shall have a corresponding meaning.
- 2.4 "**IPR Act**" means Intellectual Property Rights from Publicly Financed Research and Development Act No. 51 of 2008.



- 2.5 **"NIPMO"** means the National Intellectual Property Management Office established by Section 8 of the IPR Act of 2008.
- 2.6 **"Full Cost"** means the full cost of undertaking research and development as determined in accordance with international financial reporting standards, and includes all applicable direct and indirect cost as may be prescribed.
- 2.7 **"Researcher"** means faculty, staff, and other persons employed or contracted by the Contractor, or the Contractor herself, whether full- or part-time; and/or any other persons, including a student, a student employee, a graduate student, a post-doctoral fellow, and a non-employee (including visiting faculty, affiliate and adjunct faculty, industrial personnel).
- 2.8 **"BBBEE"** means broad-based black economic empowerment as defined in Section 1 of the Broad-based Economic Empowerment Act, 2003 (Act No. 53 of 2003).

3 Alignment with the IPR Act

- 3.1 In response to the IPR Act, the WRC has amended the relevant IP clauses (see below) in the WRC standard MOA to the effect that IP emanating for WRC-funded research is managed in accordance with the IPR Act. This was precisely because it was apparent that the WRC will not be entitled to ownership of IP generated by creators who are publicly funded.

9. *INTELLECTUAL PROPERTY RIGHTS*

9.1 *The Contractor shall use its best endeavours to identify, record and disclose to the WRC, in writing, all Background Intellectual Property vesting in itself, in Researchers or any other third party involved in The Project, as well as any pre-emptive or other existing rights vesting in any of the abovementioned parties, which relate to the undertaking of The Project, prior to the Commencement Date of this agreement or as soon as the Contractor becomes aware of the existence of any of the abovementioned rights.*

9.2 *The WRC shall treat the Background Intellectual Property disclosed in terms of clause 9.1 confidentially, if requested to do so by the Contractor.*

9.3 *The Contractor shall:*

9.3.1 *Inform the WRC upon conception of any Intellectual Property or improvements and continuously thereafter of all steps in the progress made in developing such intellectual property on a confidential basis; and*

9.3.2 *At no time disclose any such Intellectual Property or improvement or any information relating thereto, to any person without the prior written consent of the WRC.*

9.4 *The Parties shall deal with all Intellectual Property created within the scope of The Project in accordance with its obligations in terms of the IPR Act of 2008.*

9.5 *The WRC shall assist the Contractor in assessing whether the Intellectual Property merits statutory protection if such assistance is requested.*

9.6 *The Parties shall support each other in any legal action instituted to enforce and/or defend its respective Intellectual Property rights.*

9.7 *The WRC and all successors in title shall give Researchers due recognition as the Intellectual Property Creators of the Intellectual Property created within the scope of The Project as provided for in the IPR Act of 2008.*

9.8 *It is the responsibility of the Contractor to inform relevant third parties and all Researchers whose Intellectual Property rights may be limited by this agreement, of such limitations, in writing, and in advance of the Commencement Date.*

10. *COMMERCIALLY EXPLOITABLE INTELLECTUAL PROPERTY*

10.1 *The Parties shall notify each other promptly, in writing, of the potential for commercial exploitation or Intellectual Property Transactions in respect of Intellectual Property.*

10.2 *The Parties shall collaborate in the protection and commercialisation of the Intellectual Property and the conclusion of Intellectual Property Transactions. The parties shall enter into a separately negotiated written agreement defining the relationship, roles and responsibilities of the WRC and the Contractor in said collaboration, which shall be in accordance with the WRC's Benefit Sharing Policy and applicable statutory provisions.*

10.3 *Should either of the Parties decide against participating in said collaboration, it shall inform NIPMO and the other party that it does not wish to participate in the protection, commercial exploitation or further development of the Intellectual Property within ninety (90) days of receipt of the notification referred to in clause 10.1.*

- 10.4 The commercialisation of the Intellectual Property and the conclusion of Intellectual Property Transactions shall be subject to:
 - 10.4.1 The WRC's obligation to disseminate scholarly disclosures and research reports in terms of Clause 11 below;
 - 10.4.2 Due consideration of the public interest and other legal obligations; and
 - 10.4.3 The acquisition of Intellectual Property rights by the State in terms of the IPR Act of 2008.
 - 11. DISCLOSURE & PUBLICATION
The right to publish research results or any other information resulting from The Project, in whatsoever form or medium, is reserved by the WRC subject to the provisions of the IPR Act of 2008.
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4 Guiding principles

4.1 WRC MOA signed before the promulgation of the IPR Act

- 4.1.1 IP emanating from WRC MOAs concluded before the promulgation of the IPR Act shall be dealt with in accordance with the Intellectual Property (IP) and Benefit Sharing Policies of 2003 and 2005, respectively (attached).

4.2 WRC MOA signed after the promulgation of the IPR Act

- 4.2.1 In terms of the IPR Act, ownership of IP emanating from publicly-funded research shall vest in the recipient. Currently, the WRC funds both private contractors and publicly-funded institutions. It is recommended that we deal with these entities as detailed in the sections that follow. Figure 1 gives an overview of the principles.

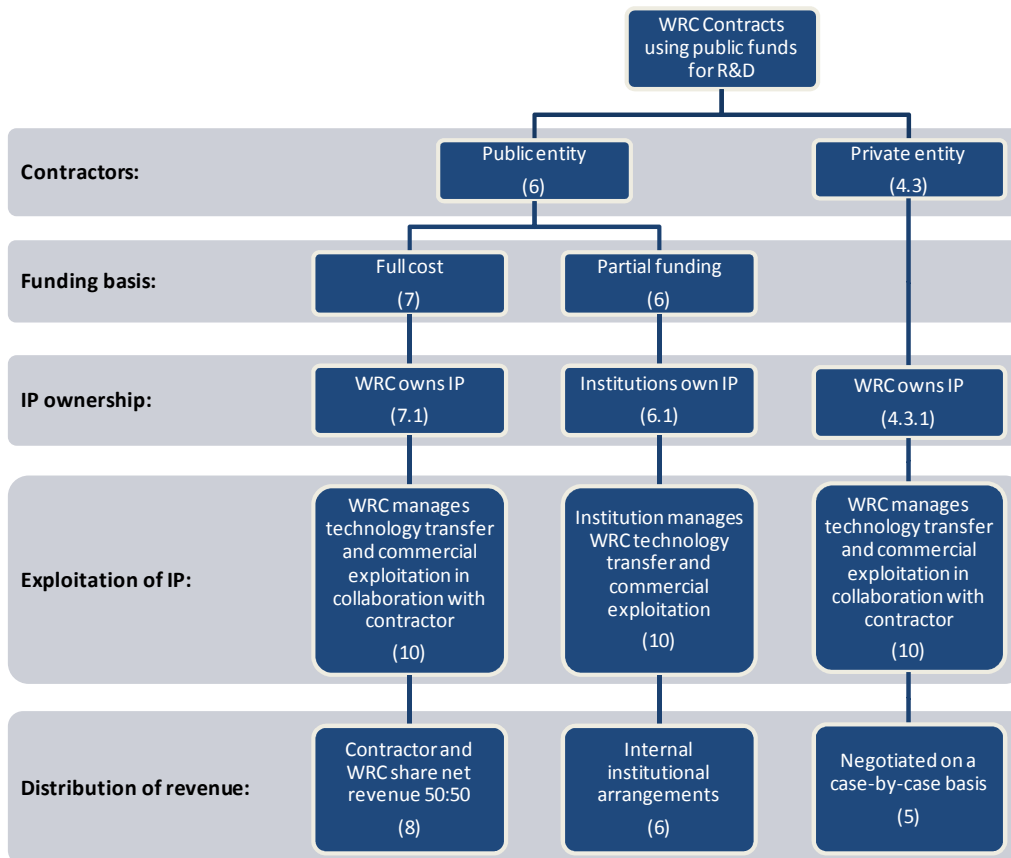


Figure 1: WRC IP guiding principles pertaining to the WRC MOA signed after the promulgation of the IPR Act

4.3 IP created and/or made by institutions that are not publicly funded (Private contractors)

- 4.3.1 In the event that a contractor is a private entity, the WRC shall be the owner of all IP created and/or made within the scope of the WRC-funded project. All private contractors appointed by the WRC in terms of any WRC agreement shall thus:
- 4.3.1.1 Disclose all background IP relevant to the specific WRC-funded project vesting in itself, in researchers or any other third party, as well as any pre-emptive or other existing rights, which may be relevant to the specific WRC-funded project;
 - 4.3.1.2 Identify and record all IP created and/or made within the scope of WRC-funded projects and promptly notify the WRC in writing thereof;
 - 4.3.1.3 Execute all documents necessary for the assignment of the title of such IP to the WRC;
 - 4.3.1.4 Deposit computer data and/or a complete-readable source code of computer programs that vest in the WRC, at reasonable expense of the WRC and in accordance with written agreement between the parties;
 - 4.3.1.5 Retain the right to pursue related research and creative activities, to determine methodologies, draw conclusions, and to disseminate information, except to the extent that the contractor is required to do otherwise by considerations affecting the effective and proper protection of the WRC's Intellectual Property.
- 4.3.2 The WRC shall at any given time have the right to:
- 4.3.2.1 Assess any and all information disclosed by private contractors with a view to seek patent and any other protection to the IP;
 - 4.3.2.2 Call for any other information and/or documentation required by it for the assessment.

4.4 Technology transfer and commercial exploitation of IP created and/or made by institutions that are not publicly funded (private contractors).

- 4.4.1 The WRC may conclude agreements with private contractors for further development, use, dissemination, and commercialisation of IP created within the scope of WRC -funded Projects.
- 4.4.2 The WRC and the private contractor may collaborate in the further development of such IP and may enter into a separately negotiated written agreement defining the relationship, roles and responsibilities of the WRC and the private contractor in the collaboration.
- 4.4.3 The Researcher will provide assistance as necessary throughout the technology transfer process. The Researcher may arrange for the retention of all records and documents that are necessary for the protection of the WRC's interest in the IP.

5 Distribution of Revenue (private contractors)

- 5.1 If the Contractor is not an institution of higher learning, factors concerning the development of particular IP may warrant an alternative distribution of Net Revenue. These factors may include:
- 5.1.1 The background IP contributed by the WRC and/or the Private Contractor;
 - 5.1.2 Any IP rights of third parties;
 - 5.1.3 The complexities of a specific technology;
 - 5.1.4 The obligations undertaken by Researcher(s) in the commercialisation agreement

6 IP created and/or made by institutions that are publicly financed

- 6.1 In the event that the Contractor is a publicly-funded institution as defined in the IPR Act, ownership of IP created and/or made within the scope of WRC-funded Projects shall vest in the Contractor as prescribed by the IPR Act. The IP shall in this case be managed as follows:

- 6.1.1 The Contractor shall, in relation to the generated IP, furnish the WRC with copies of all correspondences between itself and NIPMO;
- 6.1.2 In the event that any IP created and /or made within the scope of WRC-funded Projects is commercialised the contractor must furnish the WRC with information about the status of such commercialisation.
- 6.1.3 The WRC shall use its best endeavours, subject to provisions of the IPR Act, to assist the Contractor in commercialising the IP.
- 6.1.4 To enable the WRC to promote and effectively transfer information and technology, the WRC shall be entitled to a non-transferable, non-exclusive and royalty free licence to use the IP for non-commercial research and public dissemination of knowledge. Such licence shall not include the right to exploit the IP for profit.

7 Projects funded on a full-cost basis (institutions that are publicly financed)

- 7.1 Any IP created and/or made within the scope of WRC-funded projects and funded on full-cost basis shall be owned by the WRC. All publicly-funded institutions shall upon request by the WRC provide it with their defined full-cost model as approved by NIPMO and/or any regulations to be promulgated.

8 Distribution of revenue (institutions that are publicly financed – full-cost)

- 8.1 Upon successful commercialisation of the IP, the Net Revenue will be distributed by the WRC as follows:

- 8.1.1 The Contractor(s) shall receive fifty percent (50%) of the Net Revenue arising from applicable IP. The distribution of the Contractor's share of Net Revenue among Researchers and Colleges, Schools and Departments shall be determined according to the Contractor's policies. Those policies should ensure that the distribution is made in accordance with Clause 10 of the IPR Act;
- 8.1.2 The WRC shall receive fifty percent (50%) of the Net Revenue arising from applicable IP.

9 Co-ownership of IP

- 9.1 The WRC will not enter into any arrangements resulting in the co-ownership of IP created within the scope of WRC-funded Projects.

10 Commercialisation of IP owned by the WRC

- 10.1 The Guiding Principles related to commercialisation of IP are:
 - 10.1.1 The WRC shall give preference to non-exclusive licensing;
 - 10.1.2 Where exclusive licence is granted, the licensee must undertake to manufacture, process and commercialise the IP within the Republic;
 - 10.1.3 The WRC shall give preference to BBBEE entities and small enterprises.

11 CONCLUSIONS

- 11.1 This document details Guiding Principles with regard to the WRC's position on intellectual property management and will apply until such time that the amended WRC IP and Benefit Sharing Policy is approved by the WRC Board. These Guiding Principles have been developed in line with the IPR Act.