

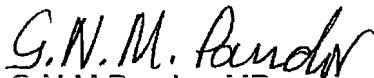
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**GOVERNMENT NOTICE**

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**DEPARTMENT OF SCIENCE AND TECHNOLOGY****No. R. 675****2 August 2010****REGULATIONS MADE IN TERMS SECTION 17 OF THE INTELLECTUAL  
PROPERTY RIGHTS FROM PUBLICLY FINANCED RESEARCH AND  
DEVELOPMENT ACT, 2008 (ACT NO. 51 OF 2008)**

By virtue of the powers vested in me by section 17 of the Intellectual Property Rights from Publicly Financed Research and Development Act, 2008 (Act No. 51 of 2008), I, Grace Naledi Mandisa Pandor, hereby make the Regulations set out in the Schedule hereto.

  
G N M Pandor, MP

Minister of Science and Technology

## SCHEDULE 1

### Definitions and Interpretation

1. (1) In these regulations, unless the context otherwise indicates, any word or expression to which a meaning has been assigned in the Act has the same meaning, and --

“**benefits**” means contribution to the socio-economic needs of the Republic and includes capacity development, technology transfer, job creation, enterprise development, social upliftment and products, or processes or services that embody or use the intellectual property;

“**exclusive licence**” means any agreement in terms of which a third party is granted exclusive rights in a licensed territory or field of use to intellectual property under the Act subject to Government’s rights to such intellectual property in terms of the Act;

“**resources**” mean any contribution to research and development, and includes contribution in the form of financial or human resources, materials and infrastructure to undertake research and development, relevant background intellectual property, equipment and facilities; and

the “**Act**” means the Intellectual Property Rights from Publicly Financed Research and Development Act, 2008 (Act 51 of 2008).

(2) Whenever the last day fixed by the Act or by these regulations for doing anything falls on a Saturday or Sunday or a day which is a public holiday in the Republic, it will be lawful to do any such thing on the next day following such Saturday, Sunday or public holiday, which itself is not a Saturday, Sunday or public holiday.

(3) Whenever any period is specified in these regulations within which any act is to be performed by a recipient, NIPMO may, except where expressly provided otherwise, extend such period either before or after its expiry.

## Choice in respect of intellectual property

2. (1) A recipient, when making the choice referred to in section 4(2) (a) of the Act, must consider the following -
- (a) how the intellectual property may contribute to the socio-economic needs of the Republic and global competitiveness of the Republic;
  - (b) forms of intellectual property protection, statutory or otherwise, that are most appropriate for the intellectual property in question;
  - (c) the extent to which such intellectual property protection is likely to undermine the socio-economic needs of the Republic;
  - (d) the extent of readiness of the intellectual property for protection, and any further research and development that would still be required before such protection could be obtained, where relevant;
  - (e) the costs and advantages of the various possibilities for protection;
  - (f) the potential for commercialisation of the intellectual property; and
  - (g) whether the intellectual property should be placed in the public domain.

(2) Where the intellectual property cannot be protected through statutory registration but has the potential to address the socio-economic needs of the Republic or to be commercialised, or the recipient elects to retain ownership thereof, the recipient must report to NIPMO as required in terms of section 5(1)(h) of the Act.

(3) Where the intellectual property-

- (a) requires further research and development to be undertaken before appropriate protection can be obtained, whilst retaining ownership thereof and maintaining confidentiality of the intellectual property; or
- (b) has no prospects of addressing the socio-economic needs of the Republic or prospects of being commercialised,

a recipient will not be required to obtain statutory protection of the intellectual property or to report to NIPMO regarding its election not to proceed with statutory protection.

(4) Where the recipient does not wish to obtain statutory protection or retain ownership of intellectual property which can be protected through statutory forms of protection -

- (a) which has commercialisation prospects; or
- (b) which can contribute to the socio-economic needs of the Republic; or
- (c) because it wishes to place such intellectual property in the public domain,

the recipient must make a referral to NIPMO in prescribed Form IP1.

(5) In the cases set out in sub-regulation (4), the recipient must not take any action, except to keep the intellectual property confidential until such time as NIPMO has made a decision in terms of section 4(3) of the Act.

(6) In considering the referral mentioned in sub-regulation (4), NIPMO must, in addition to the factors set out in sub-regulation (1), consider the following in deciding whether or not to acquire ownership of the intellectual property and where possible obtain statutory protection in terms of section 4(3) of the Act -

- (a) the provisions of section 4(3) of the Act;
- (b) the norms, culture and practices of the technology sector in which such intellectual property applies;
- (c) the development required to make the commercialisation of the intellectual property viable;
- (d) the ability and appropriateness of such intellectual property to be protected in any territory; and
- (e) the interests of any private entity or organisation that has provided some funding towards the research and development giving rise to the intellectual property.

(7) Within 60 days of a referral by a recipient in terms of section 4(2) of the Act, NIPMO must notify the recipient in writing of its decision made in terms of section 4(3) of the Act, and the reasons for the decision.

(8) Should NIPMO fail to notify the recipient of its decision as contemplated in sub-regulation (7) within the prescribed period, NIPMO will be deemed to have decided not to obtain ownership of the intellectual property and the recipient must, subject to section 4(4)(b) of the Act, deal with the intellectual property as it deems fit.

(9) If NIPMO decides to acquire ownership of the intellectual property in terms of section 4(3) of the Act, it must request that the recipient assign the intellectual property within 30 days of receiving such decision.

(10) A decision by NIPMO not to acquire ownership of intellectual property in terms of section 4(3) of the Act will irrevocably waive the State's rights to such intellectual property under the Act.

(11) Within 30 days of being informed of a decision by NIPMO not to acquire ownership of the intellectual property, a recipient must give an option to acquire the intellectual property to the intellectual property creators and any private entity or organisation had provided some funding to the research and development giving rise to the intellectual property, in accordance with section 4(4)b of the Act.

(12) In the case of NIPMO taking assignment in terms of section 4(3) of the Act -

- (a) the rights of the intellectual property creators to benefit sharing must be maintained;
- (b) the recipient, any private entity or organisation that contributed to funding the research and development giving rise to the intellectual property and relevant intellectual property creators will retain an irrevocable, non-transferrable, and royalty-free licence to use the intellectual property for research, development and educational purposes;
- (c) NIPMO may grant to any publicly financed organisation in the Republic an irrevocable, non-transferrable, and royalty-free licence to use the intellectual property for research, development and educational purposes only; and
- (d) NIPMO shall utilise the intellectual property in the spirit of the Act, and without limitation, may grant other organisations access to the intellectual property while not unduly depriving the Republic of benefits from the commercialisation of the intellectual property, where such organisations are prepared to grant equivalent access to their relevant

organisations' intellectual property or other arrangements beneficial to the Republic.

#### **Management obligations and disclosure duties**

3. (1) NIPMO may from time to time, publish guidelines to assist recipients in implementing and complying with their obligations in terms of the Act.

#### **The National Intellectual Property Management Office (NIPMO)**

4. (1) The Minister must appoint a suitably qualified person to be the Head of NIPMO .

(2) The Head of NIPMO will -

- (a) report to the Minister on all matters in terms of the Act and these regulations; and
- (b) have the powers to represent NIPMO on all matters conferred to NIPMO in terms of the Act and these regulations.

(3) The Head of NIPMO must ensure that NIPMO has suitable capacity of appropriately qualified personnel to execute its powers and duties in terms of the Act and these regulations.

#### **Operations of NIPMO**

5. (1) NIPMO must keep an updated register of all institutions to which the Act applies in accordance with section 3(2) of the Act.

(2) NIPMO must keep a record of all intellectual property referred to it by recipients in terms of section 5(1)(e) of the Act or reported to it by recipients in terms of section 5(1)(h) of the Act.

(3) NIPMO must within 7 days of receipt of any application or referral made to it in terms of the Act, furnish the recipient with a written acknowledgement thereof.

(4) NIPMO must, within 60 days, consider and furnish a recipient with a written response of its decision in respect of any application or referral.

(5) Following an exercise by NIPMO of any discretionary power vested in NIPMO in terms of the Act or these regulations, the outcomes of which adversely affect the rights of a recipient, a recipient must, if the recipient intends to make representations on the matter, within 14 days of notification of a decision by NIPMO, lodge with NIPMO a notice of intention to be heard in Form IP2.

(6) Upon receipt from a recipient of the notice of intention to be heard, NIPMO must furnish the recipient with dates, times and place where such hearing could take place and the recipient must, within 7 days respond to NIPMO with a suitable date and time from the options provided by NIPMO.

(7) Any hearing in terms of this regulation must take place within 30 days of receipt by NIPMO of the notice of intention to be heard.

(8) After such hearing, should NIPMO not reverse its decision, the affected recipient may within 14 days of NIPMO's decision, lodge a notice in Form IP3 with the Dispute Panel for review or appeal of NIPMO's decision.

#### **Advisory Board**

6. (1) The Minister must appoint an Advisory Board to advise NIPMO on the performance of its functions, the exercise of its powers and the execution of its duties, including providing guidance and assistance to NIPMO in the implementation of the Act and these regulations.

(2) The Advisory Board is accountable to the Minister for its actions and must on an annual basis provide the Minister with a report detailing its advice to both the Minister and NIPMO.

(3) The Advisory Board will consist of no fewer than 5, but not more than 9 members, appointed by the Minister.

(4) The Minister must appoint one of the members of the Advisory Board as a Chairperson to preside over meetings of the Advisory Board.

(5) The Head of NIPMO will be an ex-officio member of the Advisory Board.

(6) Members of the Advisory Board will hold office for a period not exceeding 4 years and will be eligible for reappointment, for one further term.

(7) In appointing members of the Advisory Board, the Minister must, in respect of the skills of the Advisory Board, ensure that collectively the Advisory Board has a balance between experience and expertise in research, research management, higher education environment, intellectual property protection and management, technology licensing and commercialisation, technology transfer and business.

(8) The Advisory Board may constitute and maintain expert committees or seek expert advice on any issue pertaining to the Act,.

#### **Dispute Panel**

7. (1) The Minister must establish a Dispute Panel to hear and determine disputes relating to administrative decisions of NIPMO.

(2) The Dispute Panel is accountable to the Minister for its actions and must on an annual basis provide the Minister with a report detailing a summary of its activities and decisions.

(3) The Dispute Panel will consist of at least 5 but no more than 20 members with experience and expertise in areas relating to at least, intellectual property protection and management, commercialisation, dispute resolution and business.

(4) The Minister may review the composition of the Dispute Panel from time to time, by adding or removing any member of the Dispute Panel depending on skills required and identified.

(5) The Minister must appoint the Chairperson of the Dispute Panel from the members of the Dispute Panel.



(6) A sitting of the Dispute Panel for any matter will be made up of at least 3 members selected by the Chairperson of the Dispute Panel in consultation with the parties to the dispute.

(7) The Dispute Panel must establish its own rules of procedure which NIPMO must publish.

(8) The Dispute Panel must, in making its decisions, apply the principles of fairness, justice and reasonableness.

(9) Any decision of the Dispute Panel will be subject to appeal or review by a competent court at the instance of any aggrieved party.

#### **Remuneration of members of the Advisory Board and the Dispute Panel and administrative support**

8. (1) The Minister, in consultation with the Minister of Finance, will determine the allowances and other benefits of the members of the Advisory Board and the Dispute Panel, who are not in the full-time employ of the State.

(2) NIPMO will provide administrative and secretarial support to the Advisory Board and the Dispute Panel.

#### **Rights of intellectual property creators in institutions to benefit sharing**

9. (1) An institution must ensure that intellectual property creators receive their portion of revenues from commercialisation of the intellectual property created by them and governed by the Act, no later than 12 months after the date of receipt of such revenues by the institution.

(2) For the purposes of determining nett revenues in terms of section 1 and section 10(2)(b) of the Act, the following costs of intellectual property protection and commercialisation must be deducted from the revenues -

- (a) all out-of-pocket costs, fees and expenses that an institution incurs and pays to independent third parties in connection with any of the following activities:

- (i) filing, prosecution, development and maintenance of any statutory protection for intellectual property, excluding any amounts recovered by the institution from any third party, including the intellectual property fund established under the Act and any licensee;
  - (ii) auditing, recovery or collection of gross revenues, including bank fees, charges and other expenses of any kind paid by an institution in order to collect, receive, account for, amounts payable to it for the commercialisation of the intellectual property;
  - (iii) defence, validation and enforcement of intellectual property rights in any intellectual property office, court or tribunal;
  - (iv) legal advice and services in respect of the above activities or issuance or conveyance of any securities or other consideration constituting gross revenues, or in respect of any proposed, threatened or actual litigation involving the intellectual property; and
- (b) costs directly incurred in respect of market research, business development, marketing, advertising, promotion or sales activities or services, and administrative expenses.

(3) Each institution must within 12 months of the coming into effect of these regulations, develop policy provisions for NIPMO's approval, to regulate benefit sharing of non-monetary benefits with intellectual property creators as contemplated in section 1 and section 10(1) of the Act.

(4) NIPMO will approve the policy provisions contemplated in sub-regulation (3).

#### **Non-commercial licences**

10. (1) Subject to any contractual arrangement to the contrary, a recipient is deemed to have reserved the right to use the intellectual property falling under the Act -

- (a) owned fully by the recipient, for research, development and educational purposes and may at any time transfer that right, to a third

party on such terms and conditions as the recipient may determine, for the same purpose; or

- (b) co-owned by the recipient with co-owner(s), for research, development and educational purposes and subject to the consent of such co-owner(s) of the intellectual property, which may not be unreasonably withheld, may transfer that right, to a third party on such terms and conditions as agreed by the recipient and the co-owner(s) of the intellectual property, for the same purpose.

(2) In the case where NIPMO acquires intellectual property in terms of section 14(5) of the Act, NIPMO will grant a non-exclusive, non-transferrable and royalty-free licence for research, development and educational purposes to any institution in the Republic upon application by such institution.

#### **Conditions for local intellectual property transactions**

11. (1) A recipient may, subject to section 11 of the Act and sub-regulations (2), (3) and (4) determine the terms and conditions for any non-exclusive licence in the Republic to intellectual property fully owned by the recipient, on an arms-length basis.

(2) Subject to the written consent of co-owner(s) of co-owned intellectual property, which may not be unreasonably withheld, a recipient may determine the terms and conditions for any non-exclusive licence in the Republic to such co-owned intellectual property.

(3) NIPMO approval must be obtained for any licence in terms of which -

- (a) the consideration payable by a licensee to a recipient is not determined on an arms-length basis;
- (b) a recipient grants a licensee rights to commercialise its intellectual property on a royalty-free basis; or
- (c) the licensee falls into the categories referred to in paragraphs (a) and (b), and is granted a right to sub-licence on a consideration determined

on an arms-length basis in the case of paragraph (a) or for a royalty in the case of paragraph (b).

(4) Each intellectual property transaction must include the following statement -- "*The intellectual property under this transaction was created with support from the South African Government ;((under the contract number where applicable) awarded by (identify the Funding Agency or relevant government department) where applicable)) and is subject to the requirements of the South African Intellectual Property Rights from Publicly Financed Research and Development Act, 2008 and its regulations ("Act 51 of 2008"). The South African Government has certain rights to the intellectual property in terms of sections 11(1)(e), 11(2) and 14 of Act 51 of 2008".*

(5) The recipient must ensure that before granting an exclusive licence in the Republic, it is satisfied that the prospective licensee is capable of developing the intellectual property further where required and of undertaking the commercialisation thereof, and in the case of co-owned intellectual property the recipient will do so in consultation with the co-owner(s).

(6) The exclusive licence agreement must in addition to the statement in sub-regulation (4) include appropriate terms and conditions and in particular -

- (a) require that commercialisation of the intellectual property by the prospective licensee must ensure that the intellectual property is used for the benefit of the Republic;
- (b) the irrevocable and royalty-free right of the State to use or have the intellectual property used on behalf of the Republic, for the health, security and emergency needs of the Republic in terms of the Act; and
- (a) NIPMO's rights in terms of section 14(4) of the Act, if the intellectual property is not commercialised within the reasonable period set out in the exclusive licence agreement.

(7) The recipient must develop and implement policy provisions to give effect to the following preferences in respect of the commercialisation of the intellectual property -

- (a) BBBEE compliant entities and small enterprises;
- (b) parties that seek to use the intellectual property in ways that provide optimal benefits to the Republic; and
- (c) parties that made material contribution to the research and development giving rise to the intellectual property.

(8) NIPMO must approve the policy provisions referred to in sub-regulation (7) in respect of their compliance with the spirit of the Act.

(9) Any recipient wishing to assign intellectual property governed by this Act, to an entity in the Republic must submit to NIPMO an application for approval of such assignment, in prescribed Form IP4, and in the case of co-owned intellectual property the recipient will do so in consultation with the co-owner(s).

(10) In the application referred to in sub-regulation (9) -

- (a) the recipient must demonstrate that such assignment is in the public interest; or
- (b) provide reasons as to why the intellectual property cannot be commercialised through other means such as an exclusive licence.

### **Conditions for offshore intellectual property transactions**

12. (1) A recipient may, subject to section 11 of the Act, and sub-regulations (2), (3) and (4) determine the terms and conditions for any non-exclusive licence to intellectual property governed by the Act that is fully owned by the recipient, outside the Republic or with an off-shore entity or person, or on an arms-length basis or for the purposes of promoting or facilitating the recipient's research and development activities.

(2) Subject to the written consent of co-owner(s) of intellectual property co-owned by a recipient with co-owner(s), which may not be unreasonably withheld, a recipient may determine the terms and conditions for any non-exclusive licence outside the Republic or with an off-shore entity or person, to such co-owned intellectual property, on an arms-length basis.

(3) NIPMO approval must be obtained for any licence in terms of which -

- (a) the consideration payable by a licensee to a recipient is not on an arms-length basis;
- (b) a recipient grants a licensee rights to commercialise of its intellectual property on a royalty free basis; or
- (c) the licensee falls into the categories referred to in paragraphs (a) and (b), and is granted a right to sub-licence on an arms-length basis in the case of paragraph (a) or for a royalty in the case of paragraph (b).

(4) Each off-shore transaction must include the following statement – *“The intellectual property under this transaction was created with support from the South African Government ;((under the contract number where applicable) awarded by (identify the Funding Agency or relevant government department) where applicable)) and is subject to the requirements of the South African Intellectual Property Rights from Publicly Financed Research and Development Act, 2008 and its regulations (“Act 51 of 2008”). The South African Government has certain rights to the intellectual property in terms of sections 11(1)(e), 11(2) and 14 of Act 51 of 2008”.*

(5) A recipient must ensure that before granting an exclusive licence outside the Republic or to an off-shore entity or person, it is satisfied that the prospective licensee is capable of developing the intellectual property further where required and of undertaking commercialisation thereof, and in the case of co-owned intellectual property the recipient will do so in consultation with the co-owner(s).

(6) An exclusive licence agreement must in addition to the statement in sub-regulation (4) include appropriate terms and conditions, in particular -

- (b) require that commercialisation of the intellectual property by a prospective licensee must ensure that the benefits of the intellectual property are accessible to the Republic on reasonable terms;

- (c) an irrevocable and royalty-free right of the State to use or have the intellectual property used on behalf of the Republic, for the health, security and emergency needs of the Republic in terms of the Act; and
- (d) NIPMO's rights in terms of section 14(4) of the Act, if the intellectual property is not commercialised within the reasonable period set out in the exclusive licence agreement.

(7) A recipient must lodge an application in prescribed Form IP5 or IP6 with NIPMO for approval of an assignment of intellectual property off-shore or grant of an exclusive licence, respectively, in terms of section 12(2) of the Act in compliance with the following conditions -

- (a) the application must detail compliance with section 12(2) of the Act and this sub-regulation (6); and
- (b) the recipient clearly articulates the benefits of the intellectual property to the Republic.

(8) The application referred to in sub-regulation (7) must be lodged prior to initiating or concurrently with, where permitted, any application for final approval in terms of any other applicable regulatory approval in respect of off-shore intellectual property transactions.

### **Intellectual Property Fund**

13. (1) NIPMO must develop appropriate policies and procedures for the effective implementation of the Intellectual Property Fund to ensure that the objects of the Act are met.

(2) NIPMO must, in accordance with the objects of the Act, determine the operations of the Intellectual Property Fund, subject to availability of funding from National Treasury.

### **Rights of the State to intellectual property and non-commercialisation**

14. (1) It is a specific objective of the Act to ensure that intellectual property governed by the Act is disclosed, appropriately protected and commercialised for the benefit of the Republic. Accordingly -

- (a) in terms of section 5(1)(h) of the Act, a recipient must unless directed otherwise, provide NIPMO with status and commercialisation reports in prescribed Form IP7 twice a year, detailing the intellectual property governed by the Act fully or co-owned by the Recipient or with co-owner(s) as well as the state of commercialisation thereof, in accordance with regulation 3(1); and
- (b) NIPMO may on a periodic basis, but no more than once a year, unless reasonably required, conduct reviews, in terms of section 14(2) of the Act.

(2) If it comes to the attention of NIPMO that any intellectual property falling under the Act was not disclosed as required in terms of sections 5(1)(c), 5(1)(e), 5(1)(h) of the Act, NIPMO may, in accordance with the following procedures enforce the provisions of section 14(5) of the Act, subject to due notification of any co-owners of the intellectual property -

- (a) Prior to demanding assignment of intellectual property in terms of section 14(5) of the Act, NIPMO must first issue a written notice to the affected recipient and any co-owner(s) of the intellectual property together with supporting particulars in respect of such intellectual property, and request the recipient and any co-owner(s) of the intellectual property to provide a written response with reasons and supporting evidence why the provisions of section 14(5) of the Act should not be exercised.
- (b) If the recipient and any co-owner(s) of the intellectual property do not provide the written response referred to in paragraph (a) within 30 days of the date of the notice issued by NIPMO, NIPMO may demand that the recipient and any co-owner(s) of the intellectual property assign the relevant intellectual property to NIPMO.
- (c) Upon receipt of a response contemplated in paragraph (a) NIPMO must consider the response, request such additional information or particulars as may still be required from the recipient or any co-owner(s) of the intellectual property, and make a determination.



- (d) Any determination in terms of paragraph (c) will, upon application by the recipient or any co-owner(s) of the intellectual property be subject to review by the Dispute Panel, in accordance with the Dispute Panel's rules of procedure.
- (e) Should the Dispute Panel rule in favour of the recipient or any co-owner(s) of the intellectual property, the proceedings will be deemed to have been terminated and thereafter NIPMO may not exercise the rights upon which the proceedings were based, unless it issues a new notice based on different facts.

(3) If a review referred to in sub-regulation (1)(b) reveals any intellectual property that is not being commercialised to the benefit of the Republic or an exclusive licensee that is not commercialising any intellectual property in accordance with the terms of the relevant licence agreement, NIPMO may in accordance with the following procedures require that the relevant recipient and any co-owner(s) of the intellectual property grant a non-exclusive licence in one or more fields or in a specified territory, as the case may be, to a third party to commercialise such intellectual property or to amend the terms of the relevant licence agreement:

- (a) Before exercising any of its rights in terms of this sub-regulation, NIPMO must consult with the recipient and any co-owner(s) of the intellectual property with a view of addressing the lack of commercialisation or understanding the reasons for lack of compliance by the exclusive licensee with the terms of the licence agreement.
- (b) If no progress has been made after a period of 6 months of consultation envisaged in paragraph (a), NIPMO may no later than 3 months thereafter issue a written notice to the recipient and any co-owner(s) of the intellectual property requiring that they either grant a licence to a third party or that the recipient and any co-owners put in place steps either to amend the terms of the licence agreement or to convert the exclusive licence to a non-exclusive licence and seek other commercialisation partners.

(4) NIPMO's decision in terms of sub-regulation (3)(b), is, upon application by the recipient or any co-owner(s) of the intellectual property, subject to appeal to the Dispute Panel in accordance with the Dispute Panel's rules of procedure.

(5) Should the Dispute Panel rule in favour of the recipient and any co-owner(s) of the intellectual property, the proceedings will be deemed to have been terminated and thereafter NIPMO may not exercise the rights upon which the proceedings were based, unless it issues a new notice based on different facts.

(6) NIPMO may at any stage, by written notice to a recipient and any co-owner(s) of the intellectual property, terminate the proceedings referred to in sub-regulations (2) and (3), if it is satisfied that it does not wish to continue to exercise the rights under section 14 of the Act or if it is satisfied with the response from the recipient and any co-owner(s) of the intellectual property, or upon reaching a satisfactory outcome with the recipient and any co-owner(s) of the intellectual property.

(7) The State may exercise the rights granted to it under section 11(1)(e) of the Act for health, security or emergency needs of the Republic, subject to the following -

- (a) a proclamation by the President, pursuant to a determination by Parliament;
- (b) before any proclamation in terms of this sub-regulation, the State must determine the ability of a recipient, co-owner(s) or any third parties licensed to commercialise the intellectual property, to meet the specific health, security and emergency need of the Republic without imposing an undue financial burden on the State;
- (c) the affected recipient and co-owner(s) must be notified of the proclamation, within a reasonable period thereof, and provided with an explanation of the needs for which such rights are exercised;
- (d) the State must exercise such rights itself or through its organs or institutions or organs of other governments or international

organisations such as the United Nations or its agencies or other third parties designated by the State;

- (e) the exercise by the State of such rights, must be reasonable until such health, security and emergency needs have been alleviated; and
- (f) the State must seek to balance the rights of the recipient, co-owner(s) and third parties licensed by the recipient to commercialise such intellectual property and the use by the State of the intellectual property.

### **Co-operation between private entities or organisations and institutions**

15. (1) A recipient may after consultation with any other co-owner(s), license its share of the intellectual property governed by section 15(2) of the Act to one or more co-owner(s) of the intellectual property.

(2) Regulations 2, 11, 12, and 14 apply, with changes required by the context, to intellectual property governed by sections 15(1) to 15(3) of the Act.

(3) Any assignment by a recipient of its share of intellectual property governed by section 15(2) of the Act to a collaborator must be in accordance with the provisions of regulations 11 and 12.

(4) In respect of intellectual property emanating from a collaborative research and development agreement involving one or more international funding or donor organisations, or research institutions or organisations, a recipient must, unless specifically provided for in section 15(2) of the Act -

- (a) retain ownership of any intellectual property developed by its researchers from the collaborative agreement, or co-own any intellectual property jointly developed by its researchers and collaborators;
- (b) use reasonable endeavours to ensure commercialisation of the intellectual property from the collaborative agreement, in accordance with sections 11 and 12 of the Act and regulations 11 and 12;

- (c) provide reasonable access to collaborators in accordance with international agreements and norms; and
- (d) where the collaborative agreement requires that intellectual property emanating from the collaborative research and development be made available to the collaborators or other parties for commercialisation on a royalty-free basis, or should not be commercialised, the recipient must refer in Form IP8 such agreement to NIPMO for approval, prior to commencement of work under such agreement.

(5) In considering a referral made in terms of sub-regulation (4)(d), NIPMO must evaluate the relevant terms of the agreement in light of the provisions of the Act and these regulations, taking into account any motivation submitted by the recipient in Form IP8.

(6) Within 30 days of receiving a referral made in terms of sub-regulation (4)(d), NIPMO must notify the recipient of the outcome of the referral, failing which approval will be deemed to have been granted.

(7) Approval by NIPMO of a referral made in terms of sub-regulation (4)(d) will be deemed to be approval for intellectual property transactions resulting from the collaborative agreement, provided that such intellectual property transactions comply with the terms of the collaborative agreement, or would otherwise not require NIPMO approval, and no further referrals for approval will be necessary.

(8) NIPMO must from time to time, publish and review existing guidelines in respect of multi-party collaborative research and development agreements.

(9) In developing such guidelines, NIPMO must consider, amongst other factors, advice and guidelines produced by intergovernmental bodies of which the Republic is a member and international agreements to which the Republic is a signatory and local and international good practices.

## Determination of full cost

16. (1) For the purposes of section 15(4) of the Act, full cost will be determined as follows -

- (a) Each institution must every 2 years, submit to NIPMO for approval, formulae for calculation of its applicable direct costs and indirect costs of undertaking research and development and matrices substantially in the format set out in Form IP9 or such other format as may be provided by NIPMO in guidelines, together with an explanatory note in respect of how such factors have been arrived at.
- (b) The formulae referred to in paragraph (a) must include the basic applicable direct costs of undertaking the research and development determined in terms of the institution's financial and related policies and in accordance with generally accepted accounting practices.
- (c) Where it is not feasible to determine the indirect costs accurately, the formulae will include a determination of a surcharge in the form of a percentage to be levied on the direct costs as a best estimate of the indirect cost of undertaking such research and development.
- (d) The indirect cost percentage may vary from organizational units or faculties within an institution and the institution must justify any variations.
- (e) The Advisory Board must constitute a committee of independent experts to whom NIPMO shall refer for consideration the formulae and matrices submitted by the institutions.
- (f) NIPMO must, within 60 days of receipt of the submission referred to paragraph (a), approve or recommend amendments based on the reasons provided by the committee referred to in paragraph (e), the formulae and matrices submitted by the institution.
- (g) On approval of an institution's formula and matrices, NIPMO or such other agency accredited by NIPMO in terms of guidelines to be issued by NIPMO, must issue such institution with a certificate confirming NIPMO's acceptance of the institution's costing model.

**Effect of non-compliance by a recipient**

17. Failure by a recipient to obtain from NIPMO, approval for an intellectual property transaction for which approval is required in terms of the Act and these regulations, will render such Intellectual property transaction and relevant agreement void from the beginning.

**Prescribed Forms**

18. Forms prescribed for purposes of these regulations are set out in Schedule 2 to these regulations.

**Short title and commencement**

19. These regulations are called the Intellectual Property Rights from Publicly Financed Research and Development Regulations, 2009, and come into operation on 02 August 2010.

**SCHEDULE 2****PRESCRIBED FORMS**

<b><u>Form no</u></b>	<b><u>Section</u></b>	<b><u>Regulation</u></b>	<b><u>Description</u></b>
IP1	4(2); 4(3)	2(4);	Referral of Intellectual Property and Release Form
IP2	9(6)	5(5)	Notice of Intention to be heard by NIPMO
IP3	9(6)	5(8)	Dispute Panel Notice of Appeal / Review of NIPMO Decision
IP4	11(3)	11(9)	Local Assignment of Intellectual Property
IP5	12(2)	12(7)	Off-Shore Assignment of Intellectual Property
IP6	12(2)	12(7)	Off-Shore Exclusive Licence of Intellectual Property
IP7	5(1)(h)	14(1)(a)	Intellectual Property Status and Commercialisation Report
IP8	15(2)	15(5)	Referral of Intellectual Property clauses in a Collaborative Agreement
IP9	15(4)(b)	16(1)(a)	Formulae and Matrix for Full Cost Calculation

FORM IP1

**Referral of Intellectual Property and Release Form  
(Section 4(2) and 4(3) of the Act; Regulation 2(4))**

<b>RECIPIENT</b>				
<b>Contact Details</b>				
<b>Intellectual Property Title</b>				
<b>TYPE OF INTELLECTUAL PROPERTY</b>				
<i>(Please Select one or more)</i>	<i>Undisclosed information / Trade Secret</i>	<i>Invention / Patent</i>	<i>Design / Registration</i>	
	<i>Copyrighted Work</i>	<i>Software / Computer Program</i>	<i>New Plant Variety / Registration</i>	
<b>SUMMARY DESCRIPTION OF THE INTELLECTUAL PROPERTY</b>				
Date of disclosure of intellectual property by intellectual property creator(s) to Recipient		<i>(Day)</i>	<i>(Month)</i>	<i>(Year)</i>
<b>INTELLECTUAL PROPERTY CREATOR(S)</b>				
<i>First Name</i>	<i>Middle Name(s)</i>	<i>Family Name</i>		
<b>PATENT APPLICATIONS / PATENTS <i>(where applicable)</i></b>				
	<i>Provisional Patent Application</i>	<i>PCT Patent Application</i>	<i>Convention Application</i>	<i>Non-Convention Application</i>
<b>Application Number</b>				



Publication / Grant Number				
Date of filing				
* Country / Territory				
Date of Grant				
<b>OTHER FORMS OF APPLICATIONS / REGISTRATIONS (where applicable)</b>				
Number				
Date of filing				
Country / Territory				
Date of Grant				
<b>MONTH AND YEAR OF FIRST REPORTING OF INTELLECTUAL PROPERTY TO NIPMO</b> (please attach copy)				
(Month)			(Year)	
<b>FUNDING AGENCY</b> (i.e. the funding agency that funded the conception or development of the intellectual property)				
<b>PLEASE INDICATE THE LATEST STAGE OF DEVELOPMENT OF ANY PRODUCT ARISING FROM THIS INTELLECTUAL PROPERTY, ACCORDING TO THE FOLLOWING CATEGORIES</b>				
<b>UNDER EVALUATION</b> (i.e. no protection pending intellectual property and market assessment)	<b>DISCLOSED AND PROTECTED</b> (i.e. no decision and agreement made to commercialise)	<b>LICENSED</b> (i.e. licence agreement signed with a third party to commercialise, but pre-revenue)	<b>COMMERCIALISED</b> (i.e. revenue generation stage)	
<b>REASONS FOR REFERRAL</b> (please provide supporting documents and arguments as required by regulations)				
Put into the public domain	Not capable of registration	Release of intellectual property		
		Unfavourable Search and/or examination	Lack of market and commercial potential	
Do not wish to retain ownership				
<b>REQUIRED ACTION FROM NIPMO</b>				
Approval to put in public domain	Approval to release intellectual property	Waiver of rights to private entity or organization / intellectual property creators		

FORM IP2

**Notice of Intention to be heard by NIPMO  
(Section 9(6) of the Act; Regulation 5(5))**

<b>NIPMO REFERENCE NUMBER</b>		
<b>RECIPIENT</b>		
<b>Contact Details</b>		
<b>NIPMO DISCRETIONARY POWER IN ISSUE</b> (please provide supporting documents)		
<b>DATE OF NIPMO EXERCISING DISCRETIONARY POWER</b>		
<i>(Day)</i>	<i>(Month)</i>	<i>(Year)</i>
<b>REQUIRED ACTION FROM NIPMO</b>		
<i>Request for a hearing</i>		
<b>NAME OF AUTHORISED REPRESENTATIVE OF RECIPIENT</b>	<b>SIGNATURE</b>	<b>DATE</b>
		<i>(Day)</i> <i>(Month)</i> <i>(Year)</i>

FORM IP3

**Dispute Panel Notice of Appeal / Review of NIPMO Decision**  
 (Section 9(6) of the Act; Regulation 5(8))

<b>NIPMO REFERENCE NUMBER</b>					
<b>RECIPIENT</b>					
<b>Contact Details</b>					
<b>NIPMO DECISION BEING APPEALED / REVIEW REQUESTED</b> (please provide supporting documents)					
<b>DATE OF NIPMO DECISION</b>					
<i>(Day)</i>		<i>(Month)</i>		<i>(Year)</i>	
<b>BASIS OF APPEAL / REVIEW</b> (please provide particulars of appeal / review)					
<b>NAME OF AUTHORISED REPRESENTATIVE OF RECIPIENT</b>	<b>SIGNATURE</b>			<b>DATE</b>	
				<i>(Day)</i>	<i>(Month)</i>

FORM IP4

**Local Assignment of Intellectual Property (IP)  
(Section 11(3) of the Act; Regulation 11(9))**

<b>RECIPIENT</b>		
Contact Details		
Intellectual Property Title		
Type of intellectual property and intellectual property protection (e.g. patent, design registration, plant breeders' right registration, copyrighted Work (specify))		
Application / Registration No (where applicable)		
<b>INTELLECTUAL PROPERTY CREATOR(S)</b>		
<i>First Name</i>	<i>Middle Name(s)</i>	<i>Family Name</i>
Country / Territory (where applicable application filed or registered)		
Status of intellectual property protection (for example, granted, application, non-registered)		
Date of reporting of intellectual property to NIPMO (please attach copy)		
Funding Agency (i.e. the funding agency that funded the conception or development of the intellectual property)		
Summary description of the intellectual property and intellectual property protection		
Explanation of why assignment is necessary for commercialisation of the intellectual property		
Explanation of why the		

<p>intellectual property cannot be commercialised through means other than assignment to a third party, such as through exclusive licensing</p>		
<p>Details of proposed assignee</p>	<p>Full Name</p>	<p>Registration Number of Assignee</p>
	<p>Business Address</p>	<p>Country of Domicile</p>
<p>How the public interest will be served by assignment including for example:</p> <ol style="list-style-type: none"> <li>1) agreement by the assignee that it and its successors will commercialise the intellectual property in the Republic and make the products readily accessible</li> <li>2) remedies for failure to commercialise the intellectual property</li> <li>3) disposition of the intellectual property in the event of liquidation of the assignee (section 11(3)(a) of the Act), or is otherwise unable or unwilling to commercialise the technology</li> <li>4) continued reporting obligation of the assignee under the Act.</li> </ol>		

FORM IP5

**Off-Shore Assignment of Intellectual Property**  
(Section 12(2) of the Act; Reg. 9(4) and (5))

<b>RECIPIENT</b>		
Contact Details		
Intellectual Property Title		
Type of intellectual property and of intellectual property protection (e.g. patent, design, plant breeders right, copyrighted work)		
Application / Registration No (where applicable)		
<b>INTELLECTUAL PROPERTY CREATOR(S)</b>		
<i>First Name</i>	<i>Middle Name(s)</i>	<i>Family Name</i>
Country / Territory (where applicable application filed or registered)		
Status of intellectual property protection (for example, granted, application, non-registered)		
Date of reporting of intellectual property to NIPMO (please attach copy)		
Funding Agency (i.e. the funding agency that funded the conception or development of the intellectual property)		
Summary description of the intellectual property and intellectual property protection		
Explanation of why assignment is necessary for commercialisation of the intellectual property		
Explanation of why the intellectual property cannot be		

<p>commercialised through means other than assignment to a third party, such as through exclusive licensing</p>		
<p>Details of proposed assignee</p>	<p>Full Name</p>	<p>Registration Number of Assignee</p>
	<p>Business Address</p>	<p>Country of Domicile</p>
<p>Compliance with regulations 12(7). In particular, must substantiate public benefit and any retention of rights to the intellectual property in South Africa.</p>		
<p>How the public interest will be served by assignment including, for example,                  1) agreement by the assignee that it and its successors will be commercialise the intellectual property in the Republic and make the products readily accessible                  2) remedies for failure to commercialise the intellectual property                  3) disposition of the intellectual property in the event of liquidation of the assignee (section 11(3)(a) of the Act), or is otherwise unable or unwilling to commercialise the technology                  (4) continued reporting obligation of the assignee under the Act</p>		
<p>Detail alternative commercialisation of intellectual property if this application is not approved. Please substantiate.</p>		

FORM IP6

**Off-Shore Exclusive Licence of Intellectual Property  
(Section 12(2) of the Act; Regulation 12(7))**

<b>RECIPIENT</b>		
Contact Details		
Intellectual Property Title		
Type of intellectual property and intellectual property protection (e.g. patent, design registration, plant breeders right / registration, copyrighted work (specify))		
Application / Registration No (where applicable)		
<b>INTELLECTUAL PROPERTY CREATOR(S)</b>		
<i>First Name</i>	<i>Middle Name(s)</i>	<i>Family Name</i>
Country / Territory (where applicable application filed or registered)		
Status of intellectual property protection (for example, granted, application, non-registered)		
Date of reporting of intellectual property to NIPMO (please attach copy)		
Funding Agency (i.e. the funding agency that funded the conception or development of the intellectual property)		
Summary description of the intellectual property and intellectual property protection		
Summary details of type of exclusivity (i) field of use, (ii) territory		
Explanation of why the intellectual property cannot be commercialised through non-exclusive licensing		
Full details of proposed exclusive licensee (include registration number, country of domicile)		



<p>Compliance with regulations 12(6) and 12(7). In particular must substantiate public benefit and any retention of rights to the intellectual property in South Africa</p>	
<p>How the public interest will be served by exclusive licensing including for example:</p> <ol style="list-style-type: none"> <li>1) agreement by the exclusive licensee that it and its successors will commercialise the intellectual property in the Republic or will make the products readily accessible</li> <li>2) remedies for failure to commercialise the intellectual property</li> <li>3) disposition of the intellectual property in the event of liquidation of the assignee (section 11(3)(a) of the Act) or is otherwise unable or unwilling to commercialise the technology</li> </ol>	
<p>Detail alternative commercialisation of intellectual property if this application is not approved. Please substantiate.</p>	

FORM IP7

**Intellectual Property Status and Commercialisation Report**  
(Section 5(1)(h) of the Act; Regulation 14(1)(a))

<b>RECIPIENT</b>			
Contact Details			
Intellectual Property Title			
<b>TYPE OF INTELLECTUAL PROPERTY</b>			
<i>(Please Select one or more)</i>	<i>Undisclosed information / Trade Secret</i>	<i>Invention / Patent</i>	<i>Design / Registration</i>
	<i>Copyrighted Work</i>	<i>Software / Computer Programs</i>	<i>New Plant Variety / Registration</i>
Summary description of the intellectual property			
Date of disclosure of intellectual property by intellectual property creator(s) to OTI			
<b>INTELLECTUAL PROPERTY CREATOR(S)</b>			
<i>First Name</i>	<i>Middle Name(s)</i>	<i>Family Name</i>	
Intellectual Property Title			
<b>PATENT APPLICATIONS / PATENTS (where applicable)</b>			
<i>Provisional Patent Application</i>	<i>PCT Patent Application</i>	<i>Convention Application</i>	<i>Non-Convention Application</i>
Application			

Number				
Publication / Registration Number				
Date of filing				
Country / Territory				
Date of Grant				
<b>OTHER FORMS OF APPLICATIONS / REGISTRATIONS (where applicable)</b>				
Number				
Date of filing				
Country / Territory				
Date of Grant				
Month and Year of first reporting of intellectual property to NIPMO (please attach copy)				
Funding Agency (i.e. the funding agency that funded the conception or development of the intellectual property)				
<b>PLEASE INDICATE THE LATEST STAGE OF DEVELOPMENT OF ANY PRODUCT ARISING FROM THIS INTELLECTUAL PROPERTY, ACCORDING TO THE FOLLOWING CATEGORIES</b>				
Under Evaluation (i.e. no protection, pending intellectual property and market assessment)	Disclosed and Protected (i.e. no decision and agreement made to commercialise)	Licensed (i.e. licence agreement signed with a third party to commercialise, but pre-revenue)	Commercialised (i.e. revenue generation stage)	
In the designated reporting period, what was the total income received as a result of license or option agreements?				

If any product arising from this invention has reached the market, what was the calendar year of the first commercial sale?	
Please provide the commercial name of any products, utilising the intellectual property, that have first reached the market during the designated reporting period	
In the designated reporting period, how many exclusive licenses and/or options have been awarded? (please provide details below)	
In the designated reporting period, how many non-exclusive licenses and/or options have been awarded? (please provide details)	
In the designated reporting period, how many licenses and/or rights were granted to small businesses or BEE entities (please provide details)	

## FORM IP8

**Referral of Intellectual Property clauses in a Collaborative Agreement  
(Section 15(2) of the Act; Regulation 15(5))**

<b>RECIPIENT</b>			
Contact Details			
Intellectual Property Title			
Title of Collaborative Agreement / Research Project			
Collaborators (Nationality)			
<b>CLAUSES DEALING WITH INTELLECTUAL PROPERTY INCLUDING DEFINITIONS</b> (please attach copy of collaborative agreement)			
(Please Select one or more)	<i>Definitions</i>	<i>Ownership</i>	<i>Commercialisation / intellectual property transactions</i>
<b>SUMMARY OF KEY PROVISIONS RELATING TO OWNERSHIP AND INTELLECTUAL PROPERTY TRANSACTIONS</b>			
<b>MOTIVATION FOR APPROVAL OF INTELLECTUAL PROPERTY CLAUSES</b>			
<b>REQUIRED ACTION FROM NIPMO</b>			
Approval of intellectual property ownership clauses			
Approval of intellectual property transaction / commercialisation clauses			
Other (please specify and refer to relevant clause)			

**Formulae and Matrix for Full Cost Calculation  
(Section 15(4)(b) of the Act; Regulation 16(1)(a))**

**ILLUSTRATIVE MATRIX FOR DETERMINING FULL COST OF RESEARCH AND  
DEVELOPMENT**

<b>NAME OF INSTITUTION</b>						
<b>Direct Costs Factors</b>	<b>Organisational unit or faculty specific surcharge (as a percentage of total direct costs) approximating 'Indirect Cost'</b>					
	e.g. Health	Engineering	Social Science	Natural Sciences	Law/ Admin	etc
1. ....						
2. ....						
3. ....						
4. ....						
.....						
.....						
n. ....						
<b>Indirect Cost Calculation Explanation</b>						