

Disposal of Intellectual Property Rights in Technology Transfer

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Partner

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- **Largest democracy** in the world
- **10th largest** economy in the world
- **7th largest** country in the world
- **2nd most populated** country with over 1 billion people
- **8 neighboring** countries

Mangalyaan -- India sends a gift to Mars

- **Cheaper than Hollywood Movies**

- The total cost of the mission was approximately INR 450 Crore (USD 73 million), making it the least-expensive Mars mission to date. It is also only 1/10th the cost of its contemporary 'MAVEN' (Mars Atmosphere and Volatile Evolution) launched by NASA.

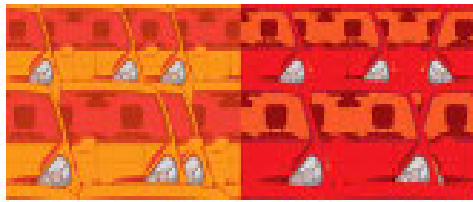


- Successful in **First Attempt**

- **First Asian Nation** to Reach Mars

- **Totally Indigenous** - demonstrated India's intellectual and technological advancements in recent times.

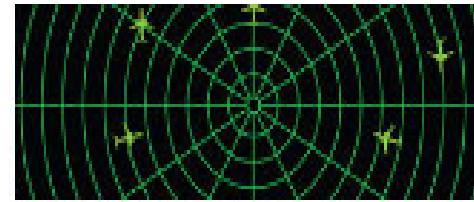
India – Blooming Sectors



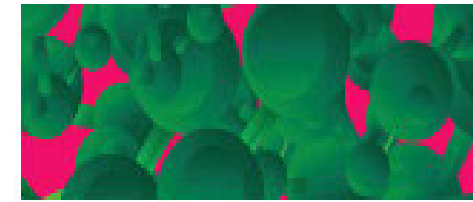
AUTOMOBILES



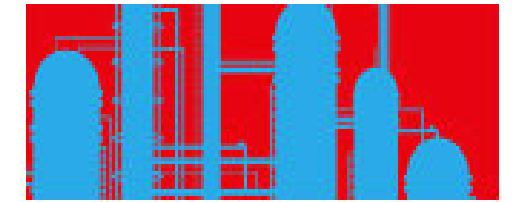
AUTOMOBILE COMPONENTS



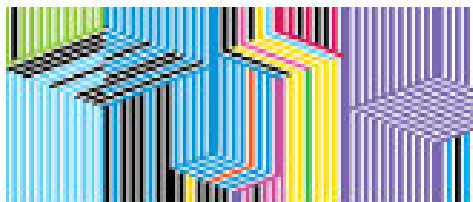
AVIATION



BIOTECHNOLOGY



CHEMICALS



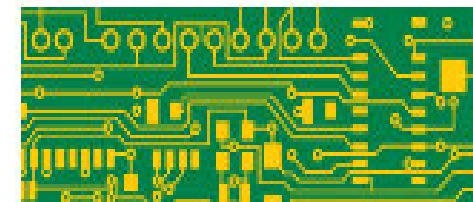
CONSTRUCTION



DEFENCE MANUFACTURING



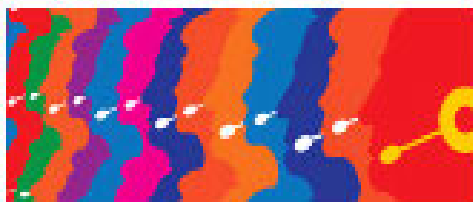
ELECTRICAL MACHINERY



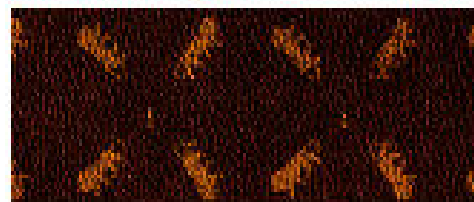
ELECTRONIC SYSTEMS



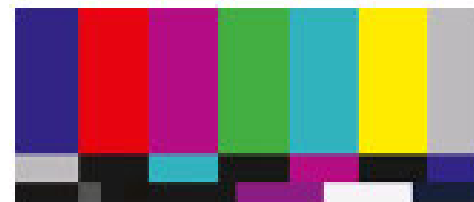
FOOD PROCESSING



IT AND BPM



LEATHER



MEDIA AND ENTERTAINMENT



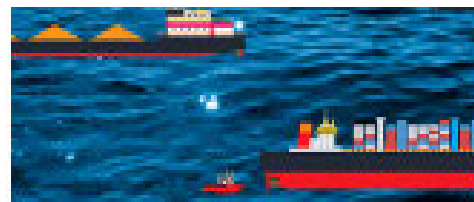
MINING



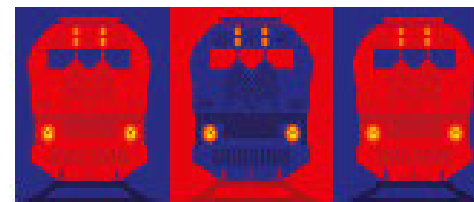
OIL AND GAS



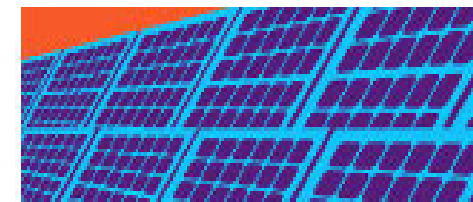
PHARMACEUTICALS



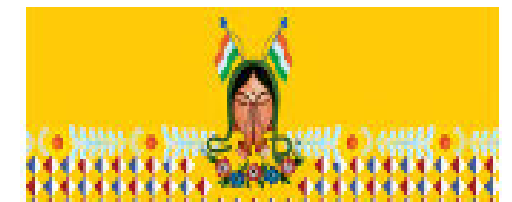
PORTS



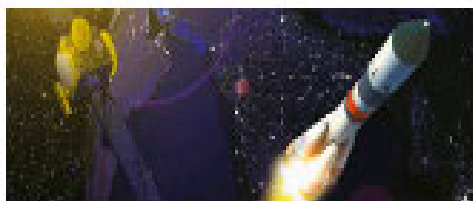
RAILWAYS



RENEWABLE ENERGY



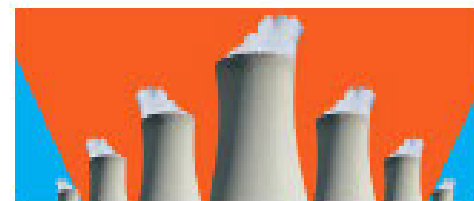
ROADS AND HIGHWAYS



SPACE



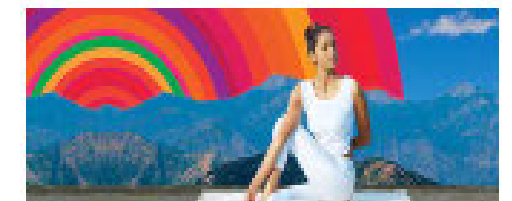
TEXTILES AND GARMENTS



THERMAL POWER



TOURISM AND HOSPITALITY



WELLNESS

Project launched by Indian Government

-- *Make In India*

HOME

SECTORS

LIVE PROJECTS

POLICIES

QUERY/FAQ

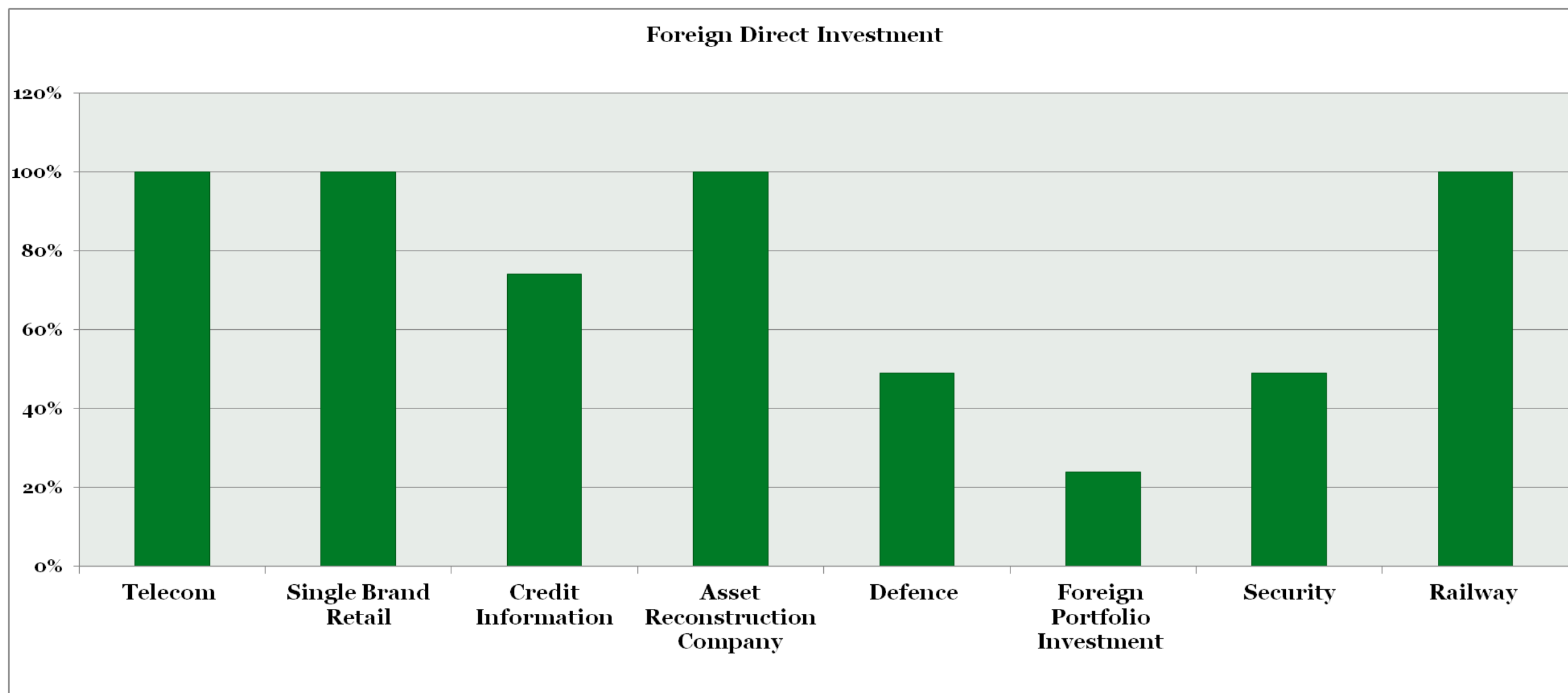
CONTACT US



A MAJOR NEW NATIONAL PROGRAM. DESIGNED TO FACILITATE INVESTMENT.
FOSTER INNOVATION. ENHANCE SKILL DEVELOPMENT. PROTECT INTELLECTUAL
PROPERTY. AND BUILD BEST-IN-CLASS MANUFACTURING INFRASTRUCTURE.
THERE'S NEVER BEEN A BETTER TIME TO MAKE IN INDIA.



Formed Investor Facilitation Cell



- FDI in commodity exchanges, stock exchanges & depositories, power exchanges, petroleum refining by PSUs, courier services under the government route has now been brought under the automatic route.
- Removal of restriction in tea plantation sector.

<http://www.makeinindia.com/policy/intellectual-property-rights/>

HOME

SECTORS

LIVE PROJECTS

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CONTACT US



SUMMARY

→ The Indian government has taken several initiatives to create a conducive environment for the protection of intellectual property rights of innovators and creators by bringing about changes at legislative and policy level.

→ In addition, specific focus has been placed on improved service delivery by upgrading infrastructure, building capacity and using state-of-the-art technology in the functioning of intellectual property offices in the country. This measure has resulted in sweeping changes in IP administration within the country.

AIMS

STRENGTHS OF THE INDIAN IPR REGIME

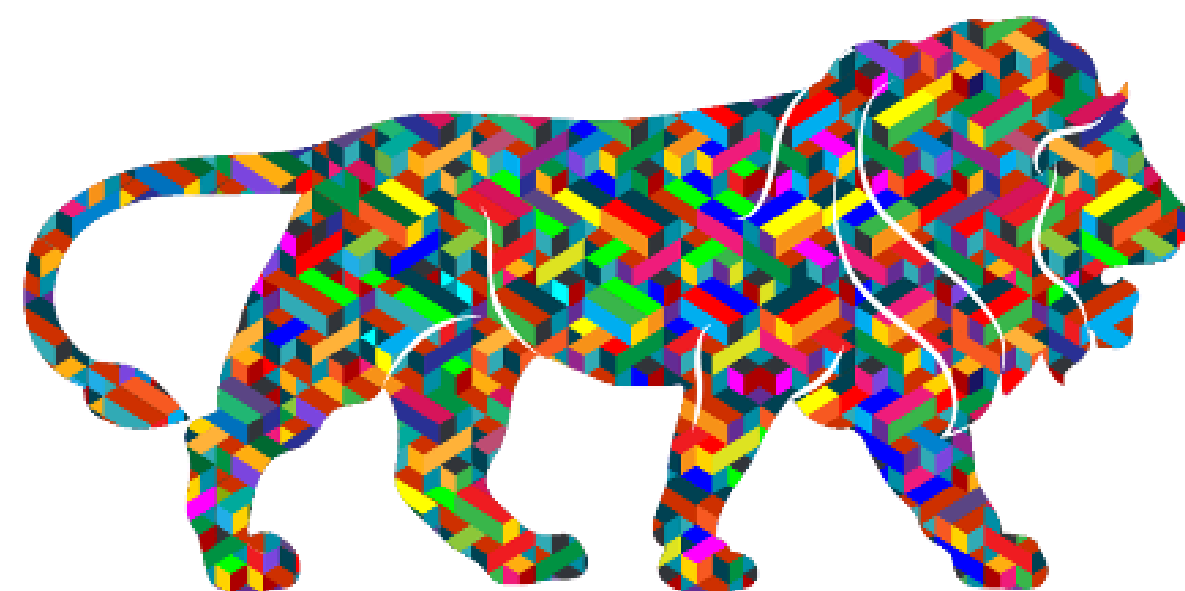
TYPES OF IPR IN INDIA

INTERNATIONAL AGREEMENTS

IP ADMINISTRATION IN INDIA

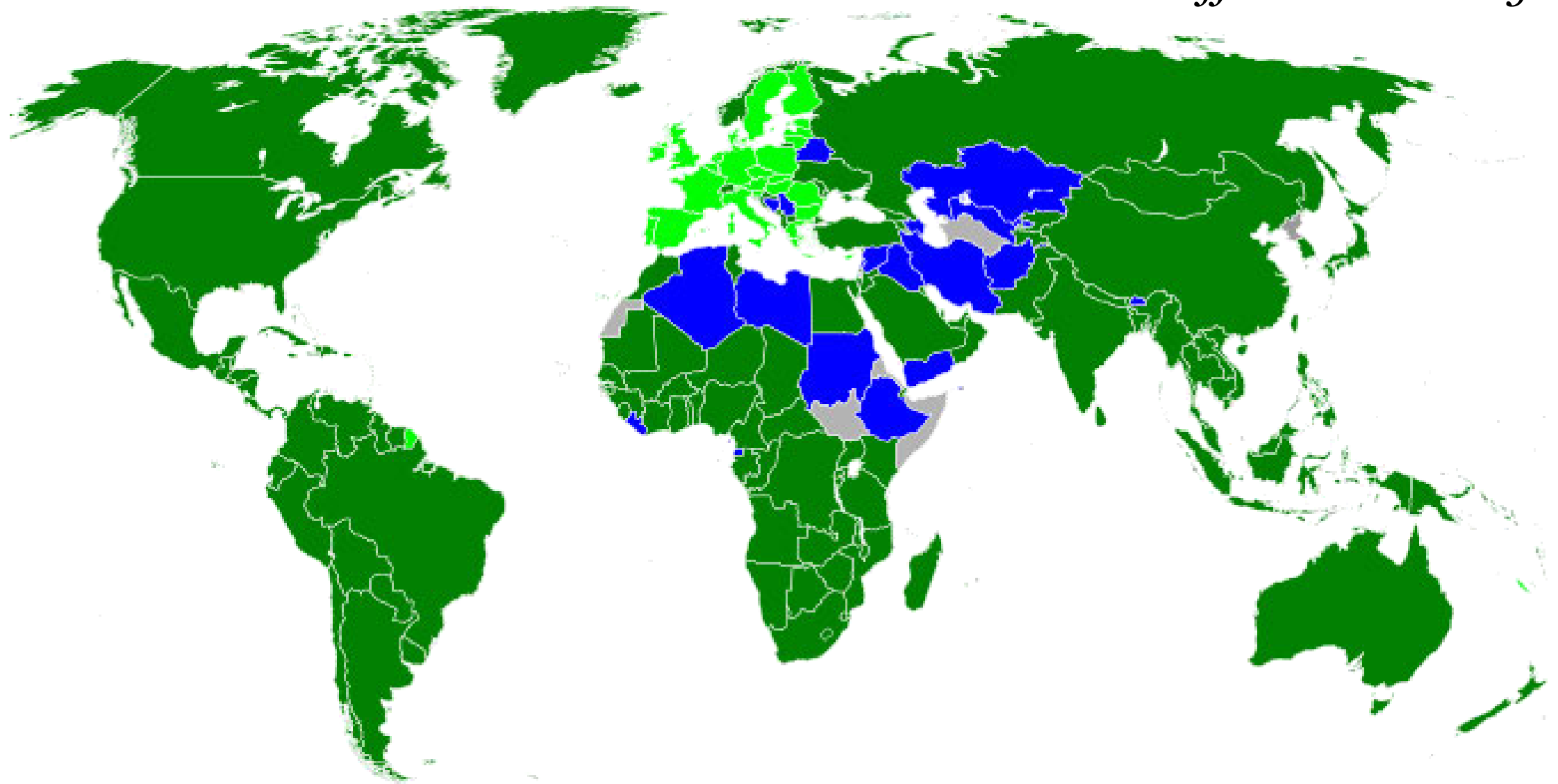
FACILITIES OFFERED

INTELLECTUAL PROPERTY FACTS



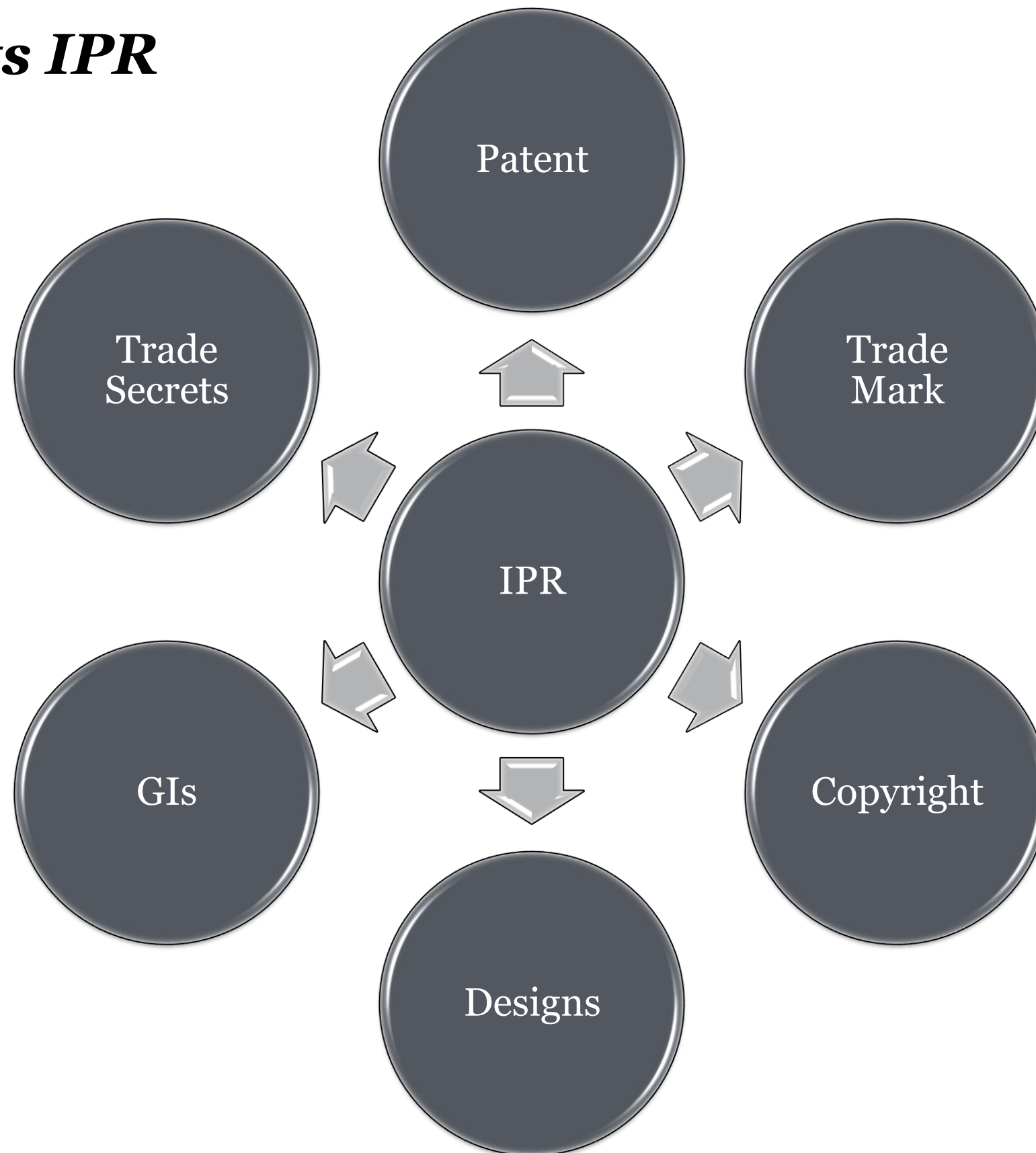
Trade-related Aspects of Intellectual Property Rights (TRIPS)

– came into effect on January 1, 1995



- WTO members (where the TRIPS agreement applies)
- Parties to TRIPS comprising members of the European Union as well
- Observer Countries

India & its IPR



Patents & Trade Marks Offices

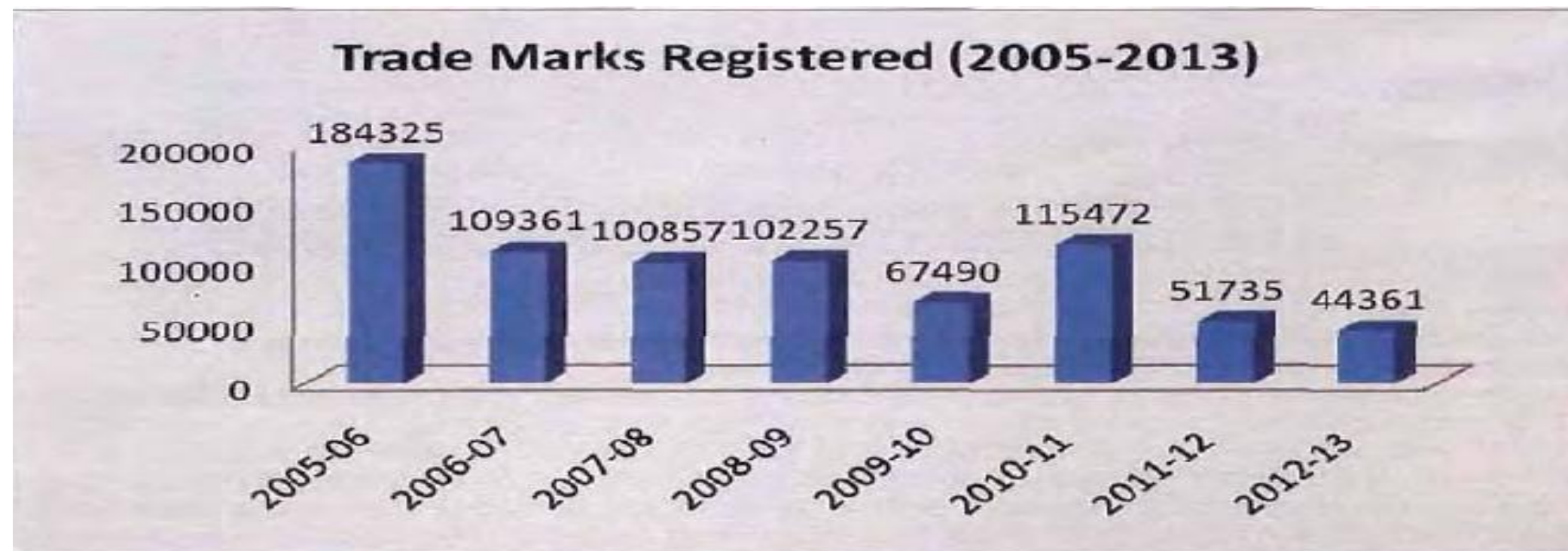
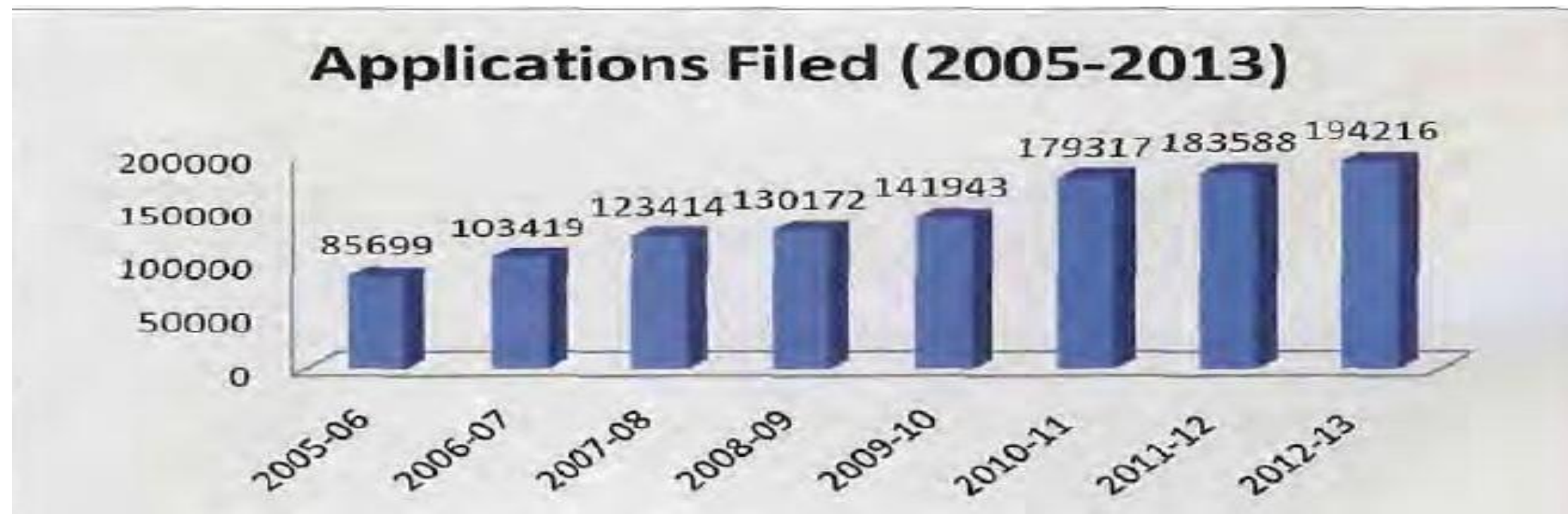


PATENTS

YEAR	APPLICATIONS FILED
2005-06	24505
2006-07	28940
2007-08	35218
2008-09	36812
2009-10	34287
2010-11	39400
2011-12	43197
2012-13	43674

YEAR	PATENT GRANTED
2005-06	4320
2006-07	7539
2007-08	15316
2008-09	16061
2009-10	6168
2010-11	7509
2011-12	4381
2012-13	4126

TRADE MARKS



India advancing

- ▶ Enacted the 'Information Technology Act, 2000 – to keep a hold on IP
- ▶ Proposal of the Privacy (Protection) Bill, 2013 – setting up of Data Protection Authority to safeguard privacy
- ▶ Proposal of the Protection and Utilization of Public Funded Intellectual Property Bill, 2008
- ▶ Automation of IP Offices
- ▶ Transfer of technology to other countries : Indian Prime Minister, while addressing the UN General Assembly committed at an international forum to provide 'free satellite for SAARC countries'

Questions governing Technology Transfer

- Due Diligence - Identifying the IP
- Level of protection
- Ownership in IP
- Rights which warrant transfer
- Transfer formalities/compliance



“I can make a whole lot more money skillfully managing intangible assets than managing tangible assets”

-- Warren Buffet

***Identifying the IP -
Transfer of all
rights may not be
warranted***



IP Laws in India

	Patent	Trade Mark	Copyright	Designs	Trade Secrets & Technical Know-How
Statutory Protection for enforcement	Yes	Yes	Yes (not mandatory)	Yes	No
Mandatory transfer recordal	Yes	No	No	Yes	No.

What needs to be transferred?

STATUTORY RIGHTS – Patents, Copyright, Design & Trade Marks.

TRADE SECRETS – Information vital to a business/commercial enterprise e.g. unpatented inventions, chemical formulae.

KNOW-HOW – Practical knowledge of how to do something e.g. methods of quality control.



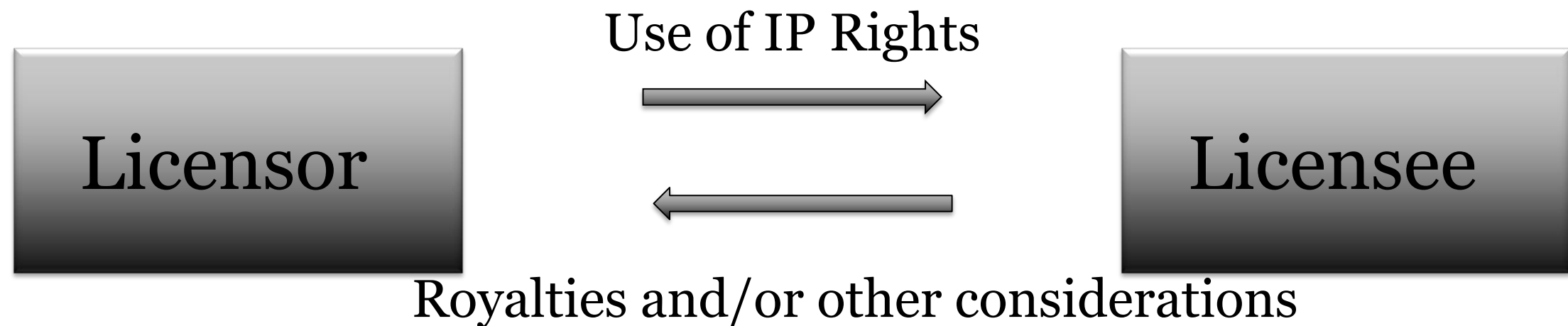
Common Methods of Technology Transfer

License /
Joint Venture

Assignment

LICENSE

A license is a contract between a “licensor” and a “licensee” that allows the licensee to make some specified use of the licensor’s IP.



ASSIGNMENT

Transfer of IP rights, interest and title by a written instrument with the result that the assignee is vested with ownership rights.

Requisites In Licensing Agreements



Just because people have been signing contracts for years, it doesn't mean that they have understood what they have been signing!

Musts in Agreement:

- **Define each party's rights**
- **Characterize each party's obligations**
- **Rights in improvements to be covered by Licensor**
- **Termination of Agreement**
- **Remedies presented to parties**

AUTHORITY TO 'USE' TECHNOLOGY / TRADE MARKS: Exclusively or non – exclusively

TERRITORY: The specific geographical area where the licensee can use / commercially exploit the technology / trade marks or the products manufactured as per license terms.

PAYMENT: Lump sum fees & royalties (generally linked to the net sale proceeds)
- should conform to industry standards

Royalty Fee

Erstwhile FDI Policy - royalty payments (calculated as a percentage of “net ex-factory sale price”) arising from foreign technology agreements were subject to limits of 5% on domestic sales and 8% on exports beyond which prior approval of the Government was required.

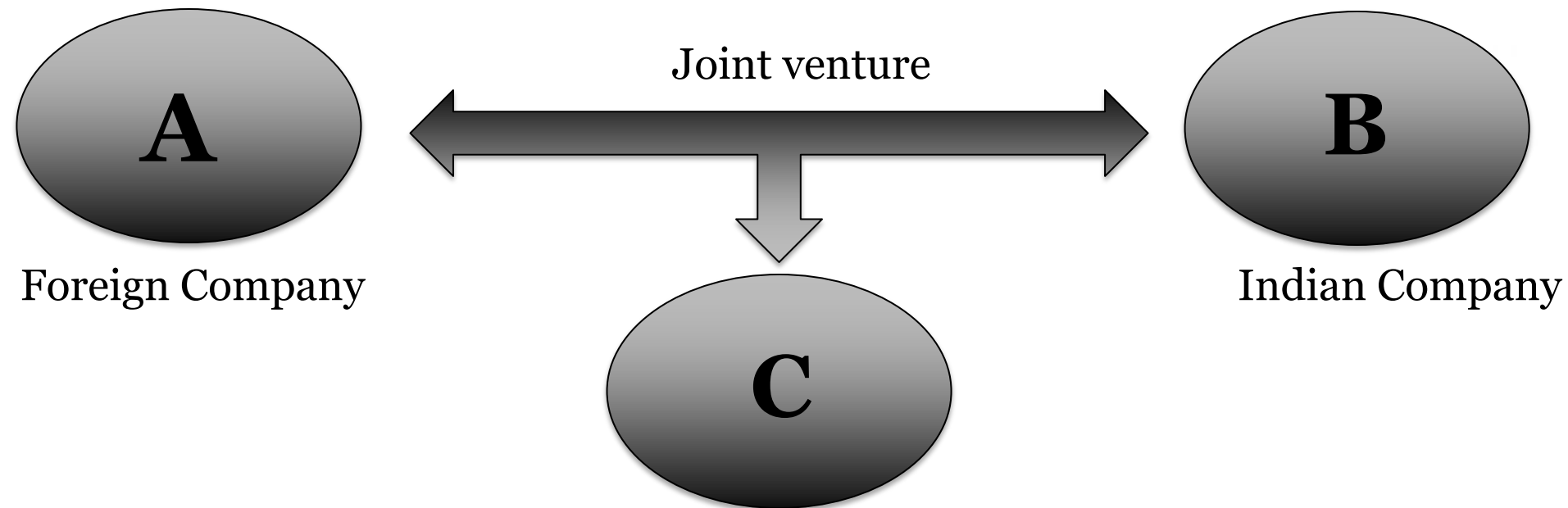
December 16, 2009 – caps removed

Present - Royalty payments governed by mutual agreement with no limit on duration of such payments.

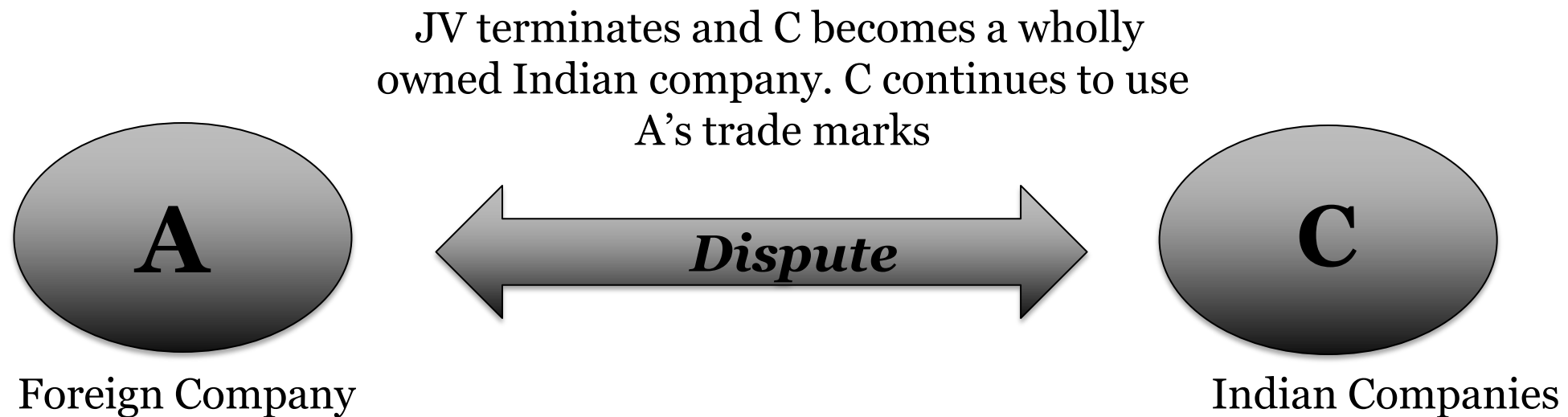


Case Study

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C was licensed to use the trade marks as well as technical know how of A



Exide Industries Limited vs. Exide Corporation, USA & Ors., High Court of Delhi - 2012

Court's Observation:

“...when a gargantuan company such as the defendant no.1 to the suit and their group companies operate in a commercial field, that too, in dozens of countries worldwide, if the plaintiff was only to be a common law licensee, there actually would have been specific written document to that effect...”

“...why would one commercial entity being defendant No.1 company allow one of its most valuable assets i.e the trade mark ‘EXIDE’ to be used by another company in which it has not controlling interest...”

Safeguards for ensuring safe/no disposal

- Agreement in writing
- Secure IP prior to transferring technology into a country
- Quality Control - Financial (JV) or Contractual (License)
- Naked Licensing - Absence of Quality Control
- Prescribe the manner of use of IP
- Incorporate terms of association in the AOA of the Joint Venture company
- All contractual clauses should be clearly spelt out
- Portfolio analysis & evaluation of IP assets by transfer



Thank You



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Headquarters

New Delhi/ Gurgaon

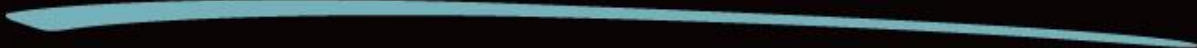
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Adams & Adams



DISPOSAL OF IP RIGHTS IN TECHNOLOGY TRANSFER

South Africa

Danie Dohmen – BIPF 2014, Munich

THEMES

- Introduction
- Patents Act 58 of 1978 and contractual provisions
- Exchange control
- Publicly funded IP developments

INTRODUCTION

- SA contractual law based on Roman Dutch common law and jurisprudence and SA patent law based on UK and European patent law
- SA International Relations Minister reported on 15 June 2013
"Trade between us and China surpassed R200bn in less than two years"
- Russia's embassy in South Africa, says bilateral trade in 2012 increased by 66.3% compared to 2011 and that the mutual investments were "massive"

PATENTS ACT 58 OF 1978 AND CONTRACTUAL PROVISIONS

- Joint ownership: Unless there is an agreement to the contrary [S27, 28 and 29]:
 - Owned in equal undivided shares
 - Consent required to “deal in any way” with a joint application or patent
 - Any party may keep application or patent in force
 - Can apply to court to decide on dispute

PATENTS ACT 58 OF 1978 AND CONTRACTUAL PROVISIONS cont.

- Patent rights can devolve by operation of law or transfer through assignment [S59(1)]
- Assignment terms in contracts of employment only valid for [S59(2)]
 - inventions made within course and scope of employment
 - a 1 year period after termination of employment
- Recordal of transactions

PATENTS ACT 58 OF 1978 AND **CONTRACTUAL PROVISIONS cont.**

- Certain conditions excluded from sale or license agreements [S90]
- Restrictions regarding purchasing and using (not selling) of 3rd party products
 - Restrictions regarding use of non patented products or processes
 - Compulsory acquisition of non patented products (excluding special replacement parts in leases or licenses for use of a patented article)
 - Specified minimum resale prices
 - Restrictions on use of the invention in non patented countries

EXCHANGE CONTROL

- Any export of capital (including IP) out of SA (and any agreement providing for the export of capital) is subject to the prior approval of the South African Reserve Bank
- Transfer of IP (SA and arguably foreign) from a SA resident to a non-resident

PUBLICLY FUNDED IP DEVELOPMENTS

- Intellectual Property Rights from Publicly Financed Research and Development Act 51 of 2008 (IPR Act) – broadly based on the Bayh-Dole Act
- Applicable to:
 - IP (broadly defined to arguably include know-how, confidential information, clinical trial information etc.) emanating from publicly financed (including partly funded) R&D at “recipients” of the funding
 - “Recipients” include universities and research councils
 - But excludes IP emanating from a “full cost funding model”
- Ownership of IP resides with “recipient” but co-ownership possible under conditions
- Prescribes benefit sharing arrangements and considerations to be taken into account when structuring IP transactions (different for local and foreign transactions)

THANK YOU

ANY QUESTIONS ?

Technology transfer and licensing in Russia

Registration of patent contracts statistics

Type of agreement	2007	2008	2009	2010	2011
Assignment	1674	1524	1054	1356	1445
Exclusive license	276	215	228	264	272
Non-exclusive license	902	1005	1083	1240	1490
Total	2852	2744	2365	2860	3207
Open license applications	66	92	88	77	45
Published open license applications	68	72	79	62	21

Field of technology	Registered agreements				
	2007	2008	2009	2010	2011
Light industry, food industry	211	186	173	163	194
Machine(-building) industry, machine tool building industry, tools manufacturing industry	366	373	250	118	285
Medicine	120	140	76	294	414
Energy, electrical technology	390	364	247	421	567
Chemistry, petrochemistry	120	94	94	286	454
Electronics, computers, instrument making	137	101	73	311	257
Metallurgy	245	186	133	86	113
Gas-and-oil producing industry	434	449	338	162	158
Construction, construction materials	423	266	272	135	207
Other	406	585	709	884	558
Total:	2852	2744	2365	2860	3207

LEGAL BASIS FOR COMMERCIALIZATION OF IP

- License agreement (LA)
- Franchise agreement
- Agreement on alienation of the IP rights (assignment)
- Pledge agreement



DISPOSAL OF PATENT RIGHTS Statistics

Kind of agreement Year	2004	2005	2006	2007	2008
Patent Assignment	1892	1281	1451	1674	1524
Exclusive patent license	162	167	212	276	215
Non-exclusive patent license	495	674	751	902	1005
Transactions total	2549	2122	2414	2852	2744

GENERAL LEGAL REQUIREMENTS TO AGREEMENTS

- Written form;
- Official registration:
 - Trademarks, patents (inventions, design, etc.).
 - Registered software/database



AGREEMENT ON ALIENATION OF THE IP RIGHTS

- Subject (e.g. trademark, certificate No., Patent No., etc.)
- Reward (if not determined – the agreement is deemed to be not concluded)
- Free of charge (if allowed).
- Exclusive rights shall pass from the right holder to the recipient at the time of conclusion (or from the date of its official registration

MANDATORY PROVISIONS OF LA

- Subject of the LA (e.g. trademark, certificate No., Patent No., etc.);
- Type of license (if not determined – non-exclusive);
- Territory (if not determined – whole territory of Russia);
- Term (if not determined – 5 years);
- License payment;
- Manners of use of the IP subject-matters.

TYPES OF LICENSE AGREEMENTS (BY SCOPE OF RIGHTS)



IP pledge agreement

- Official registration is mandatory If the IP is subject to registration;
- Pledger may use the IP without consent of pledgee if otherwise is not envisaged by the pledge agreement;
- Enforcement of pledge: upon written agreement of the pledger and pledgee or based on the court order.
- Auction conducted by a bailiff.

OFFICIAL REGISTRATION REQUIREMENTS

Article 1235 of the CC:

License contract subject to official registration in cases provided by Para 2 of Article 1232 of the CC.

Failure to meet the requirement on official registration shall entail invalidity of the license contract

Article 1232 of the CC:

In cases where IP is subject to official registration, assignment of the exclusive right to such IP, pledge of that right, license to use such IP shall also be subject to official registration

OFFICIAL REGISTRATION REQUIREMENTS

From October 1, 2014 registration procedure has been simplified. No need to submit the license/assignment contract, only a notification to the Patent Office signed by the parties with some basic information, such as the identification of IP, the parties to the contract, the term (in case of a license)

This makes registration more comfortable for the parties however it is fraught with potential risks for the parties if the contract is not clear enough. The parties will have to sort out their problems in court. Before October 1, 2014 the Patent Office would point to inconsistencies in the agreement.

In new circumstances revision of the contract by an attorney is recommended to avoid pitfalls.