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THE PRESIDENCY

No. 1402

22 December 2008

It is hereby notified that the President has assented to the following Act, which is hereby published for general information:—

No. 51 of 2008: Intellectual Property Rights from Publicly Financed Research and Development Act, 2008.



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Act No. 51, 2008 INTELLECTUAL PROPERTY RIGHTS FROM PUBLICLY
FINANCED RESEARCH AND DEVELOPMENT ACT, 2008

*(English text signed by the President.)
(Assented to 17 December 2008.)*

ACT

To provide for more effective utilisation of intellectual property emanating from publicly financed research and development; to establish the National Intellectual Property Management Office and the Intellectual Property Fund; to provide for the establishment of offices of technology transfer at institutions; and to provide for matters connected therewith.

BE IT ENACTED by the Parliament of the Republic of South Africa, as follows:—

Definitions

1. In this Act, unless the context indicates otherwise—
 - “**BBBEE**” means broad-based black economic empowerment as defined in section 1 of the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003);
 - “**commercialisation**” means the process by which any intellectual property emanating from publicly financed research and development is or may be adapted or used for any purpose that may provide any benefit to society or commercial use on reasonable terms, and “**commercialise**” shall have a corresponding meaning;
 - “**Department**” means the Department of Science and Technology;
 - “**disclosure**” means the provision of full details of potential intellectual property contemplated in section 5 of this Act;
 - “**funding agency**” means the State or an organ of state or a state agency that funds research and development;
 - “**institution**” means—
 - (a) any higher education institution contemplated in the definition of “**higher education institution**” contained in section 1 of the Higher Education Act, 1997 (Act No. 101 of 1997);
 - (b) any statutory institution listed in Schedule 1; and
 - (c) any institution identified as such by the Minister under section 3(2);
 - “**intellectual property**” means any creation of the mind that is capable of being protected by law from use by any other person, whether in terms of South African law or foreign intellectual property law, and includes any rights in such creation, but excludes copyrighted works such as a thesis, dissertation, article, handbook or any other publication which, in the ordinary course of business, is associated with conventional academic work;

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- “intellectual property creator”** means the person involved in the conception of intellectual property in terms of this Act and identifiable as such for the purposes of obtaining statutory protection and enforcement of intellectual property rights, where applicable;
- “intellectual property transaction”** means any agreement in respect of intellectual property emanating from publicly financed research and development, and includes licensing, assignment and any arrangement in which the intellectual property rights governed by this Act are transferred to a third party; 5
- “Minister”** means the Minister responsible for the Department;
- “Nett revenues”** means the revenue less the expenses incurred for intellectual property protection and commercialisation of the intellectual property, as may be prescribed; 10
- “NIPMO”** means the National Intellectual Property Management Office established by section 8;
- “offshore”** means outside the borders of the Republic; 15
- “prescribed”** means prescribed by regulation;
- “publicly financed research and development”** means research and development undertaken using any funds allocated by a funding agency but excludes funds allocated for scholarships and bursaries;
- “recipient”** means any person, juristic or non-juristic, that undertakes research and development using funding from a funding agency and includes an institution; 20
- “regulation”** means any regulation made in terms of section 17 of this Act;
- “revenue”** means all income and benefits, including non-monetary benefits, emanating from intellectual property transactions, and includes all actual, non-refundable royalties, other grant of rights and other payments made to the institution or any other entity owned wholly or in part by an institution as a consideration in respect of an intellectual property transaction, but excludes a donation and **“gross revenues”** shall have a corresponding meaning; 25
- “small enterprise”** means a small enterprise as defined in section 1 of the National Small Enterprise Act, 1996 (Act No. 102 of 1996); 30
- “this Act”** includes the regulations made in terms of this Act.

Objects of Act

2. (1) The object of this Act is 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. 35
- (2) This Act furthermore seeks to ensure that—
- (a) a recipient of funding from a funding agency assesses, records and reports on the benefit for society of publicly financed research and development;
 - (b) a recipient protects intellectual property emanating from publicly financed research and development from appropriation and ensures that it is available to the people of the Republic; 40
 - (c) a recipient identifies commercialisation opportunities for intellectual property emanating from publicly financed research and development;
 - (d) human ingenuity and creativity are acknowledged and rewarded; 45
 - (e) the people of the Republic, particularly small enterprises and BBBEE entities, have preferential access to opportunities arising from the production of knowledge from publicly financed research and development and the attendant intellectual property;
 - (f) following the evaluation of a disclosure, researchers may publish their research findings for the public good; and 50

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- (g) where necessary, the State may use the results of publicly financed research and development and the attendant intellectual property in the interest of the people of the Republic.

Application of Act

3. (1) This Act applies to intellectual property emanating from publicly financed research and development. 5

(2) (a) Subject to paragraph (b), the Minister may, in addition to the institutions to which this Act applies, by notice in the *Gazette*, identify any other institution to which this Act applies if he or she is satisfied that the institution may develop intellectual property from publicly financed research and development. 10

(b) Any identification contemplated in paragraph (a) must be done with the concurrence of the Minister responsible for the institution concerned.

Choice in respect of intellectual property

4. (1) Subject to section 15(2), intellectual property emanating from publicly financed research and development shall be owned by the recipient. 15

(2) A recipient that prefers not to retain ownership in its intellectual property or not to obtain statutory protection for the intellectual property must—

(a) make the choice in accordance with the regulations and any guidelines published by NIPMO by notice in the *Gazette*; and

(b) within the period set out in section 5(1)(e), notify NIPMO of the decision and the reasons therefor. 20

(3) NIPMO may, within the prescribed period, after considering the reasons provided by the recipient in terms of subsection (2)(b) and any prejudice that may be suffered by the State if no statutory protection for the intellectual property is obtained, acquire ownership in the intellectual property and, where applicable, obtain statutory protection for the intellectual property. 25

(4) (a) Should NIPMO decide not to acquire ownership in the intellectual property in terms of subsection (3), NIPMO must, in writing, notify the recipient of its decision.

(b) Subject to the reasons given in terms of subsection (2)(b), and on notification contemplated in paragraph (a), the recipient must give the intellectual property creator the option to acquire ownership in the intellectual property and to obtain statutory protection for the intellectual property, provided that in the case where a private entity or organisation had provided some funding, such private entity or organisation shall subject to section 10 first be offered such option before the intellectual property creator. 30

Management obligations and disclosure duties 35

5. (1) A recipient must—

(a) put in place mechanisms for the identification, protection, development, management of intellectual property, intellectual property transactions and, where applicable, the commercialisation of intellectual property and appropriate capacity-building relating thereto; 40

(b) provide effective and practical measures and procedures for the disclosure of intellectual property and ensure that intellectual property emanating from any publicly financed research and development is appropriately protected before results of such research and development are published or publicly disclosed by other means; 45

(c) ensure that personnel involved with the research and development make a disclosure to it within 90 days or such longer period as may be prescribed, of identification by such personnel of possible intellectual property and before the intellectual property is made public;

(d) assess the intellectual property to determine whether it merits statutory protection and, where appropriate, apply for and use best efforts to obtain statutory protection in its name; 50

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- (e) refer disclosures for which it elects not to retain ownership or not to obtain statutory protection to NIPMO within 30 days or such longer period as may be prescribed, of it making such an election;
- (f) in the case of an institution, manage revenues due to it from intellectual property transactions and the commercialisation thereof, including managing the benefit-sharing arrangements with intellectual property creators at the institution; 5
- (g) negotiate and enter into intellectual property transactions with third parties on intellectual property belonging to the recipient;
- (h) report to NIPMO twice a year and as provided for in this Act, on all matters pertaining to the intellectual property contemplated in this Act, including all intellectual property from which it elects to obtain statutory protection and the state of commercialisation thereof, in a manner stipulated by NIPMO; 10
- (i) provide NIPMO with full reasons in respect of any intellectual property that is not commercialised; and 15
- (j) in respect of an institution, put in place mechanisms to annually assess, record and report to NIPMO on the benefits for society of publicly financed research conducted in that institution.

Establishment of office of technology transfer at institutions

6. (1) Unless determined otherwise by the Minister in consultation with the Minister responsible for higher education, or any other Cabinet minister to which an institution reports, any institution must, within 12 months of the coming into effect of this Act— 20
- (a) establish and maintain an office of technology transfer; or
 - (b) designate persons or an existing structure within the institution to undertake the responsibilities of the office of technology transfer. 25
- (2) An office of technology transfer is responsible for undertaking the obligations of the institution in terms of this Act.
- (3) Two or more institutions may with the concurrence of NIPMO establish a regional office of technology transfer.
- (4) (a) NIPMO may, on terms and conditions determined by it, provide assistance to institutions for the establishment of offices of technology transfer. 30
- (b) The assistance contemplated in paragraph (a) may include—
- (i) financial assistance;
 - (ii) co-ordinating the establishment of a regional office of technology transfer, where applicable; and 35
 - (iii) development of appropriately skilled personnel for the offices of technology transfer.

Functions of office of technology transfer

7. (1) The functions of an office of technology transfer must be performed by appropriately qualified personnel whom, when considered collectively, has interdisciplinary knowledge, qualifications and expertise in the identification, protection, management and commercialisation of intellectual property and in intellectual property transactions. 40
- (2) An office of technology transfer must, in respect of publicly financed research and development— 45
- (a) develop and implement, on behalf of the institution or region, policies for disclosure, identification, protection, development, commercialisation and benefit-sharing arrangements;
 - (b) receive disclosures of potential intellectual property emanating from publicly financed research and development; 50
 - (c) analyse the disclosures for any commercial potential, the likely success of such commercialisation, the existence and form of the intellectual property rights, the stage of development thereof and the appropriate form for protecting those rights;
 - (d) attend to all aspects of statutory protection of the intellectual property; 55
 - (e) refer disclosures to NIPMO on behalf of an institution;