The challenge & current status quo
Overview of PF IPR Act

• South African Intellectual Property from Publicly funded Research Act (IPR Act) is, as with many other countries, modelled on the US legislation (Bayh-Dole)

• The Act established NIPMO to promote / oversee the protection, management & commercialisation of IP from publicly-funded research

• The Act applies to IP developed from publicly-funded R&D only – no definition of R&D in the Act therefore NIPMO use OECD definition which includes:
  - Basic Research
  - Applied Research
  - Experimental Development

• Preferential licensing to B-BBEE & small business concerns
Overview of PF IPR Act

- Rationale is to:
  - encourage registration of patents & commercialisation of IP
  - Technology Transfer Offices (TTOs) tasked with building relationships with industry for transfer & commercialisation of IP & taking products to market
  - Ownership is not exclusively by universities. Any “recipient” receiving State-funding for R&D can own the IP
Key Challenge: Uncertainty

• Research input points to fundamental lack of understanding between government & industry interpretation of the IPR Act

• Misconceptions & myths abound in industry & amongst inventors & investors

• Leads to uncertainty, fear & avoidance of State funding or University IP
Bayh-Dole vs. PF IPR Act:

Despite many similarities between Bayh-Dole & PF IPR Act, comparison shows Bayh-Dole has had far more effective results:

<table>
<thead>
<tr>
<th>Bayh-Dole</th>
<th>NIPMO</th>
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<tr>
<td>Reported significant increase in industry support &amp; tech transfer</td>
<td>Low levels of industry support &amp; tech transfer</td>
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<tr>
<td>Reported to have created significant certainty re IP ownership</td>
<td>Plagued by uncertainty due to poor clarity &amp; no clear guidelines – inventors therefore avoid State funding</td>
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<tr>
<td>Well-functioning TTOs</td>
<td>Under-capacitated TTOs</td>
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Key Challenges: TTOs

• Key function of TTO is to build relationship with industry for transfer & commercialisation of IP

• Challenges reported on TTOs:
  – TTOs under-capacitated & under skilled
  – Licensing, commercialisation & entrepreneurial skills in short supply
  – Nature of skills takes 5 to 7 years to acquire
  – Pipeline between TTO & industry weak
  – NIPMO under-capacitated & under-funded to support & develop TTO skills
Proposed Solution
Parameters of suggested reform

- PF IPR Act new & effects still being explored
- Other than administrative changes, the PF IPR Act unlikely to be amended in short-term
- NIPMO acknowledges urgent need to clarify PF IPR Act to alleviate uncertainty & ‘fear’
- Aims to publish 9 guidelines. Guideline 1 already published on scope of PF IPR Act
- Research process has identified key points for NIPMO to clarify
Points for clarification by NIPMO

- **Ownership of Government-funded IP:**
  - IP developed from state-funded research is owned by the “recipient” – anyone who received the State funding
    - Passes to government (NIPMO) where “recipient” does not want to own it (e.g. due to renewal fees)
    - If NIPMO does not want to own, gives option to private funder & thereafter creator to own
    - Benefit sharing arrangements – clarity is required re at what stage you must contract re the arrangement; parameters of what must be defined
Points for clarification by NIPMO

- Government rights to IP under PF IPR Act:
  - The State has the right of use of any IP developed pursuant to the IPR Act & does not have to pay royalties for use thereof – only exercised in very limited circumstances of health, security & emergency needs of SA & until need alleviated
  - If holder commercialises but fails to continue with commercialisation & wants to retain exclusive license, State may request conversion to non-exclusive license or require holder to grant license to third party
  - State may only demand assignment of IP if holder did not make disclosure to NIPMO of IP developed from State-funded research
Points for clarification by NIPMO

• **Sale of IP:**
  – IPR Act allows the IP to be sold to commercialise & if so, does not have to be managed in terms of the Act
Further Recommendations

• More training courses are needed in IP, IP management & tech transfer

• Allocate more funding to NIPMO to train TTO staff & ensure TTOs are effective

• Where a public entity creates a spin-off, obliged to obtain approval from National Treasury (via DST) - can take 2 years. Consider exemption for certain size spin offs
Thank you

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