

DEPARTMENT OF SCIENCE AND TECHNOLOGY

NO. 487

29 APRIL 2016

**PROTOCOL ON ADMINISTRATION AND OPERATIONS OF THE NATIONAL
INTELLECTUAL PROPERTY MANAGEMENT OFFICE**

In accordance with the provisions of Section 7B(4) of the Public Service Amendment Act (No. 30 of 2007), I, Grace Naledi Mandisa Pandor, hereby publish the Protocol on Administration and Operations of the National Intellectual Property Management Office, which Office was established as a Specialised Service Delivery Unit within the Department of Science and Technology on 13 December 2013 via Proclamation No. 979, promulgated by the Minister for Public Service and Administration.



MRS GNM PANDOR, MP

MINISTER OF SCIENCE AND TECHNOLOGY



science
& technology

Department:
Science and Technology
REPUBLIC OF SOUTH AFRICA



Private Bag X727, PRETORIA, 0001 • DST Building No 53, Scientia Campus, Meiring Naude Road, Brummeria, PRETORIA. Tel: +27 12 843 6666, Fax +27 12 349 1053 • www.dst.gov.za

DEPARTMENT OF SCIENCE AND TECHNOLOGY

PUBLIC SERVICE ACT, 1994

(Promulgated under Proclamation No. 103 of 1994)

PROTOCOL ON ADMINISTRATION AND OPERATIONS OF THE NATIONAL INTELLECTUAL PROPERTY MANAGEMENT OFFICE

The Minister of Science and Technology, acting under section 7B(4) of the Public Service Act, 1994, has in the Schedule determined the provisions of legislation that confer powers and impose duties on the Head of the National Intellectual Property Management Office (NIPMO), and provisions that apply to the reporting, administrative, organisational, oversight and other management objectives, processes and procedures of the NIPMO.

As is provided for in Proclamation No. 979 of 13 December 2013, promulgated by the Minister for the Public Service and Administration, the NIPMO is established as a specialised service delivery unit within the Department of Science and Technology.

Signed at Pretoria on this 11 day of FEBRUARY 2016.

G. N. M. Pandor

MRS GNM PANDOR

MINISTER OF SCIENCE AND TECHNOLOGY

Lefapha la Saense le Thekenoloji • uMnyango wezeSayensi neTheknoloji • Muhasho wa Saints na Thekinoodzhi • Departement van Wetenskap en Tegnologie • Kgoro ya Saense le Theknolotši • Ndzawulo ya Sayense na Theknoloji • LiTiko leTesayensi ne Theknoloji • iSebe lezeNzululwazi neTeknoloji • UmNyango wezeSayensi neTheknoloji

Batho Pele - putting people first

SCHEDULE

Definitions

1. In this Schedule, unless the context otherwise indicates -

“Advisory Board” or “AB” means the NIPMO Advisory Board appointed by the Minister in terms of Regulation 6 to the Intellectual Property Rights from Publicly Financed Research and Development Act (Act 51 of 2008);

“Cabinet” means the Cabinet contemplated in section 91 of the Constitution of the Republic of South Africa, 1996;

“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;

“DG” means the Director-General: of the Department of Science and Technology;

“Dispute Panel” or “DP” means the NIPMO Dispute Panel appointed by the Minister in terms of Regulation 7 to the Intellectual Property Rights from Publicly Financed Research and Development Act (Act 51 of 2008);

“DST” means the Department of Science and Technology;

“funding agency” means the State or an Organ of State or a State Agency that funds research and development;

“Head: NIPMO” means the Head of the National Intellectual Property Management Office;

“institution” means -

- a) any higher education institution contemplated in the definition of "higher education institution" contained in section I of the Higher Education Act, 1997 (Act No. 101 of (1997));
- b) any statutory institution listed in Schedule 1 of the IPR Act; and
- c) any institution identified as such by the Minister under section 3(2) of the IPR Act;

“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 or business, is associated with conventional academic work;

“intellectual property creator” means the person involved in the conception of intellectual property in terms of this IPR 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;

“IP Fund” means the Intellectual Property Fund

“IPR Act” means the Intellectual Property Rights from Publicly Financed Research and Development Act (Act 51 of 2008);

“Minister” means the Minister of Science and Technology;

“NIPMO” means the National Intellectual Property Management Office;

“PFMA” means the Public Finance Management Act, 1999 (Act No. 1 of 1999);

“prescribed” means prescribed by regulation;

“PSA” means the Public Service Act, 1994 (Proclamation No. 103 of 1994);

“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;

“Regulation(s)” means any regulation made in terms of section 17 of the IPR Act;

“Republic” means the Republic of South Africa;

“**resources**” means 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;

“**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;

“**services**” means any service rendered or assistance provided, promoted, recommended or otherwise made available by NIPMO, or any ancillary service or assistance; and

“**SSDU**” means a Specialised Service Delivery Unit;

Purpose

2.(1) NIPMO is established for purposes of promoting the objects of the IPR Act and the Regulations, which 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.

(2) Under the IPR Act, NIPMO further 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;
- 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;

- 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
- 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.

Choice in respect of intellectual property

3.(1) Subject to section 15(2) of the IPR Act¹, intellectual property emanating from publicly financed research and development shall be owned by the recipient.

(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)² of the IPR Act, notify NIPMO of the decision and the reasons therefore.

Functions of NIPMO

4.(1) NIPMO must promote the objects of this Act, which includes the statutory protection, management and commercialisation of the intellectual property referred to it by a recipient as set out in paragraph 3 above.

(2) NIPMO must ensure that it has the capacity to consider any intellectual property referred to it by a recipient as set out in paragraph 3 above, and to deal with it in accordance with the IPR Act.

¹ Which sets out the requirements for co-ownership of IP between an institutions and a private entity or organisation

² 30 days

(3) NIPMO must liaise with the recipients or any other party it deems fit to determine the viability of -

- a) obtaining statutory protection for the intellectual property referred to it, if it is in the national interest;
- b) concluding any intellectual property transactions; or
- c) commercialisation of such intellectual property.

(4) NIPMO must, furthermore -

- a) manage information in respect of intellectual property contemplated in the IPR Act, including data concerning the recipients;
- b) provide incentives to recipients and their intellectual property creators, to reward them for proactively securing protection for intellectual property and commercialising it and, generally, for promoting innovation;
- c) provide assistance to institutions with -
 - i. the establishment of offices of technology transfer and related capacity-building;
 - ii. intellectual property transactions;
 - iii. commercialisation of intellectual property; and
 - iv. any other matter provided for in the IPR Act;
- d) provide appropriate standards and best practices in consultation with a recipient, without limiting the power of the recipient to act in its own interests in terms of the IPR Act;
- e) develop guidelines for intellectual property transactions involving non-South African entities and persons, and manage the implementation of such guidelines; and
- f) monitor, evaluate and review the obligations of recipients in terms of this Act.

(5) In addition to its other functions, NIPMO may do anything necessary to meet the objects of the IPR Act and to carry out any other function consistent with those objects that may be prescribed.

(6) Any administrative decision of NIPMO that adversely affects a recipient must be dealt with in terms of the Promotion of Administrative Justice Act, 2000 (Act No.3 of 2000).

Powers of NIPMO

5. NIPMO is the designated Office whereby the State may acquire intellectual property rights under certain conditions under the IPR Act -

a) The rights acquired by the State in terms of the IPR Act are additional to the rights granted to the State in terms of any other legislation in the Republic;

b) NIPMO must conduct reviews of non-commercialised intellectual property in consultation with the recipients;

c) If a review contemplated in (b) above shows that the intellectual property in question can be commercialised, NIPMO must engage in further consultations with the recipient in an endeavor to ensure that the intellectual property is commercialised;

d) NIPMO may require a recipient to grant a license in any field of use to any person on reasonable terms if, after the consultations contemplated in (c) above-

- i. the intellectual property is still not being commercialised; or
- ii. no agreement can be reached with the recipient.

e) NIPMO may, on behalf of the State, demand the assignment of rights to any intellectual property if a recipient fails to make a disclosure to NIPMO as provided for in the IPR Act;

f) It is a specific objective of the IPR Act to ensure that intellectual property governed by the Act is disclosed, appropriately protected, and commercialised for the benefit of the Republic;

g) Accordingly –

- i. in terms of Section 5(1)(h) of the IPR Act, a recipient must provide NIPMO with status and commercialisation reports in prescribed Form IP7 twice a year, detailing the intellectual property governed by the IPR 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) of the Regulations; and

- ii. In terms of regulation 14 (1) (b) of the Regulations, 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 IPR Act.

Effect of non-compliance by a recipient

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

Compliance, co-operation and ethics

7.(1) NIPMO must comply with all applicable laws, and in the event of a conflict between any law and the provisions of this Protocol, such law shall prevail.

(2) NIPMO must exercise its powers and render its services in a spirit of co-operation with the clients to which NIPMO exercises its powers and renders its services, and must promote and support effective, transparent, accountable and coherent governance for the Republic as a whole.

(3) NIPMO must exercise its powers and render its services in accordance with appropriate ethical standards and the principles of good governance.

(4) NIPMO is responsible, accountable and liable in respect of the technical and advisory support services that NIPMO provides to its clients, provided that NIPMO's clients retain the overall responsibility, accountability and liability for the performance of their functions to which the technical and advisory support services provided by NIPMO may relate.

Appointment of Head: NIPMO and powers and duties of Head: NIPMO

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

(2) The Head: NIPMO will -

a) report to the Minister on all matters in terms of the IPR Act and the Regulations ; and

b) have the powers to represent NIPMO on all matters conferred to NIPMO in terms of the IPR Act and the Regulations.

(3) The Head: NIPMO performs any power conferred or duty imposed on the Minister in respect of the IPR Act and Regulations that the Minister may assign to the Head: NIPMO in terms section 7B(5) of the PSA.

(4) The Head: NIPMO must ensure that NIPMO has suitable capacity of appropriately qualified personnel to execute its powers and duties in terms of the IPR Act and the Regulations.

(5) The employees of NIPMO are appointed in terms of the PSA, and in accordance with the applicable regulations, guidelines and circulars issued in terms of the PSA.

(6) The Head: NIPMO performs the powers and duties that the DG delegates to the Head: NIPMO in respect of the PSA and its regulations, the PFMA and Treasury Regulations, 2005.

The Intellectual Property Fund

9.(1) Under the IPR Act there is established an Intellectual Property Fund to be managed by NIPMO.

- (2) The purpose of the IP Fund is to –
- a) provide financial support to institutions for the statutory protection and maintenance of intellectual property rights, subject to section 13 (3) of the IPR Act;
 - b) finance any costs incurred by NIPMO for obtaining statutory protection of the intellectual property; and
 - c) finance any costs incurred by NIPMO when acting in terms of section 14 of the IPR Act.
- (3) An institution may recover the costs incurred in obtaining statutory protection for the intellectual property contemplated in this Act from the Intellectual Property Fund –
- a) to the extent determined by NIPMO; and
 - b) on such terms as may be determined by NIPMO.
- (4) 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.
- (5) 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.
- (6) NIPMO will manage the Intellectual Property Fund and exercise the powers, perform the functions and carry out the duties conferred upon, assigned to or imposed upon it in terms of the Intellectual Property Fund for the IPR Act.
- (7) NIPMO will utilise the IP Fund to support the objects of the IPR Act and in a manner that is consistent with an approved NIPMO Guideline.
- (8) NIPMO will conduct the day-to-day administration of the IP Fund, and the Head: NIPMO must establish the structures and systems for proper functioning and management of the IP Fund and promote the IP Fund.

(9) Financial assistance allowed must be done in accordance with an agreement entered into between NIPMO, third parties where applicable, and recipient(s).

Governance arrangements of the Advisory Board and the Dispute Panel

10.(1) A NIPMO Advisory Board and Dispute Panel are established in terms of regulations 6 and 7 of the Regulations, respectively.

(2) The Minister, in consultation with the Minister of Finance, will determine the allowances and other benefits of the members of the AB and the DP, who are not in the full-time employ of the State.

(3) NIPMO will provide administrative and secretarial support to the AB.

(4) DST will render administrative and secretariat support to the NIPMO DP in order to promote transparency and avoid any conflict of interest between NIPMO and the DP.

(5) DST will provide support for the appointment of the NIPMO DP and AB, as set out in regulations 6 to 8 of the Regulations.

Reporting requirements of Head: NIPMO and responsibilities of DG

11.(1) The provisions of this paragraph do not in any way exempt the Head: NIPMO from compliance with all relevant provisions of the PSA and the PFMA, and any other legislation on or in respect of reporting requirements.

(2) The Head: NIPMO must -

(a) forthwith at the request from the Minister for information held by the NIPMO, submit to the Minister all information requested and other information which may also be relevant; and

(b) on a quarterly basis report to the Minister, detailing all the instances where he or she has performed a duty or exercised a power in terms of the IPR Act or assigned as set out in paragraph 8(3).

(3) The Head: NIPMO must submit to the DG, or a duly delegated employee, the following -

- a) copies of documents contemplated paragraph 11(2);
- b) on a quarterly basis, all relevant reports and performance information of NIPMO;
- c) any relevant financial documents;
- d) annually, all NIPMO's inputs into the budgeting and planning processes of the DST, including the strategic plan, annual performance plan, annual report and annual financial statements;
- e) any information reasonably requested in writing; and
- f) any other mutually agreed reports that may be required.

(4) The DG oversees the functioning of the NIPMO for purposes of -

- a) supporting and promoting the implementation of the IPR Act and Regulations so as to achieve the Minister's strategic vision in respect of his or her portfolio;
- (b) advising the Minister on policy implementation, performance, integrated planning, budgeting and service delivery, and the efficient, economic and effective use of resources by or in respect of the NIPMO;
- (c) supporting the NIPMO through appropriate allocation of resources and maintaining a supportive shared services dispensation; and
- (d) performing the powers and duties as accounting officer of the DST including NIPMO.

(5) The DG has no further functions, duties, powers, responsibilities or accountability in respect of the NIPMO, other than those provided for in this Protocol, the IPR Act and Regulations, and as may be prescribed by legislation.

Cooperation between NIPMO and DST

12.(1) The NIPMO and the DST may, subject to relevant legislation and delegations referred to in paragraph 8(6), share the rendering of the following corporate services (under Programme 1) in the manner set out in a memorandum of understanding between the NIPMO and the DST:

- a) Corporate Services, including but not limited to -
 - i. security;
 - ii. accommodation, facilities management and cleaning services;
 - iii. records management, correspondence and messenger services;
 - iv. information and communication technology services;
 - v. human resource management and development;
 - vi. financial management;
 - vii. supply chain management;
 - viii. labour relations;
- b) auditing and risk management;
- c) participation in relevant committees of the DST e.g., budget, bid and audit committee;
- d) legal services, and
- e) donor coordination and donor funding.

(2) The NIPMO and the DST must promptly after NIPMO's establishment as a SSDU enter into a memorandum of understanding to make provision for -

- a) NIPMO and DST to seek from each other opportunities for coherent policy and programme development and implementation and interaction on issues of common interest;
- b) NIPMO to utilise the various forums where DST participates for purposes of coordination and facilitation of NIPMO processes such as the Forum of South African Directors-General (FOSAD), Cabinet and Government Clusters, structured bilateral agreements and high levels visits; and

c) the Head: NIPMO to establish relationships between the DST and, for example, other government agencies, other government departments, regional bodies and multilateral bodies to enable NIPMO to implement its legislative mandate.

(3) NIPMO and the DST may amend any memorandum of understanding mentioned in paragraphs 12(1) and 12(2), as and when required to ensure the optimum functioning of NIPMO.

Funding and Financial Reporting Arrangements

13.(1) The funding and financial reporting arrangements will be in line with the systems and processes of the DST.

13.(2) The chief financial officer of the DST serves as the chief financial officer of NIPMO.

Competent Authorities

14. The competent authorities responsible for the implementation of this Protocol are -

- a) for NIPMO, the Head: NIPMO; and
- b) for DST, the DG.

End of Protocol and Schedule