

Proposal for the Revision of Delegated Authority to Approve Licensing Agreements to the Office of the President

Rationale

Republic Act 10055 or the Technology Transfer Act of 2009 states that Research and Development Institutions (RDI) like the University “to effectively translate results of government-funded R&D into useful products and services that will redound to the benefit of Filipinos, notwithstanding the income generated from intellectual property rights (IPRs) and technology transfer activities”.

It also recognizes that “the successful transfer of government-funded R&D results depend on the proper management of intellectual property, development of capacity by RDIs to become self-sustaining and competitive, and on enhancing interaction and cooperation with the private sector”.

One of the responsibilities of the University as the public RDI is to obtain a “written recommendation from the Secretary of the DOST and secure a fairness opinion report from an independent third party body composed of experts from the public and private sectors as may be determined by the DOST” when conducting transactions that will translate Intellectual Property developed through Government Funded Agency (GFA) funded research into products and services.

The Fairness Opinion Report (FOR) contains the opinion of the aforementioned body on the fairness of the transaction to the RDI. Details regarding the transaction are found in the Licensing Agreement between the University and the Licensee that will implement the product or service derived from the University-owned Intellectual Property and the supporting information. This board of experts will also review “the proposed transaction, financial statements, industry information, economic conditions and assumptions used therein and a comparison of similar transactions”.

In order to facilitate the effective translation of government-funded R&D through market initiatives, the University must ensure that the contents of the Licensing Agreement must be carefully scrutinized and that its clearance must be efficiently and swiftly conducted. The Fairness Opinion Board (FOB), which is the abovementioned third party body, provides careful scrutiny of the finances (eg. royalties, upfront fees, milestone payments, duration etc.), Intellectual Property Rights coverage, and industry and economic conditions and assumptions.

Section 5 of the Joint DOST-IPO Administrative Order No. 02-2010 or “The Implementing Rules and Regulations of Republic Act No. 10055” states that the DOST Secretary must constitute the Fairness Opinion Board not later than thirty (30) days from receipt of the University’s request and that the FOB must submit the FOR to the DOST Secretary not later than sixty (60) days upon their constitution.

Given that DOST has already developed and has implemented a process for efficiently evaluating the fairness of a negotiated Licensing Agreement, the University as the RDI must facilitate the implementation of such an agreement. By delegating the authority to approve the Licensing Agreement to the Office of the President, the University would complement DOST’s process in ensuring that products and services developed from University-owned Intellectual Properties will be delivered in

accordance to the aims of Section 2: Declaration of Policies and Principles of the Technology Transfer Act of 2009.

Proposal

The proposal delegates the authority for approving Licensing Agreements with external Licensees on University based Intellectual Properties and their associated Intellectual Property Rights to the Office of the President. Intellectual Properties are defined as “intangible assets resulting from the creative work of an individual or organization” and “creations of the mind, such as inventions, literary and artistic works, and symbols, names, images and designs used in commerce” in accordance to Section 4a of the Technology Transfer Act of 2009. The cases where proposed delegation of authorities will be in effect are as follows:

The President:

1. Cases where Licensing Agreements declared as “FAIR” by the Secretary Department of Science and Technology for University-owned Intellectual Property Rights that are developed by Academic and Research and Development Institutions under the University.
2. Cases which use “other modes of commercialization as allowed by all applicable laws” as defined in Section 7 of the Technology Transfer Act of 2009 such as, but not limited to, competitive bidding.

Authority for approving Licensing Agreements shall remain vested in the Board of Regents in the following cases in accordance to the Revised Intellectual Property Rights (IPR) Policy of the University of the Philippines System, Republic Act 10055 entitled “Technology Transfer Act of 2009” and Republic Act 9500 entitled “University of the Philippines Charter of 2008”.

1. Cases where University-owned Intellectual Property Rights are waived, except in cases of failure to publish or failure to file an application/registration for said Intellectual Property Rights.
2. Cases where the funding from the research and creation of the Invention is sourced by the University, wholly or partially, from outside entities excluding Philippine Government Funding Agencies. Note that Intellectual Property Rights developed through research funded by Philippine Government Funding Agencies are vested to the University in accordance to Article II Section 6 of the Technology Transfer Act of 2009.
3. Cases where there is the need to create, organize, reorganize, merge or abolish University-owned spinoff companies, academic units and industrial facilities in order to fulfil the clauses found in the Licensing Agreement.