

Republic of the Philippines
DEPARTMENT OF SCIENCE AND TECHNOLOGY

OFFICE OF THE SECRETARY

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Administrative Order No.: ____ Series of 2019

**Subject: THE AMENDED TECHNOLOGY TRANSFER PROTOCOL OF
THE DEPARTMENT OF SCIENCE AND TECHNOLOGY
RESEARCH AND DEVELOPMENT INSTITUTES (DOST-RDIs)**

I. RATIONALE

The Protocol shall define the policies, strategies, and processes or procedures to be adopted by the Department of Science and Technology – Research and Development Institutes (DOST-RDIs) to identify, protect, manage, and commercialize Intellectual Properties (IPs) and/or Intellectual Property Rights (IPRs) generated from research and development (R&D) funded by the government and to undertake technology transfer activities, based on Republic Act (R.A.) No. 10055, otherwise known as Philippine Technology Transfer Act of 2009, and its Implementing Rules and Regulations (IRR) or the Joint DOST-IPO Administrative Order No. 02-2010 dated 18 August 2010.

This is in accordance with the DOST’s twin mandate of providing central direction, leadership and coordination of scientific and technological efforts and ensuring that the results therefrom are geared and utilized in areas of maximum economic and social benefits for the people.

Consistent with the DOST Intellectual Property Policy (DOST A. O. No. 004 s. 2015), any issues on the IPs/IPRs generated out of DOST-funded R&D shall not impede the expedient transfer, roll-out or commercialization of the needed technology, as may be determined essential by the DOST Secretary in case of national emergencies or the need to advance national and local interests.

The revisions to this Protocol is in accordance with RA No. 10055 and its Amended Implementing Rules and Regulations.

II. DECLARATION OF POLICIES AND PRINCIPLES

The State fully recognizes that science, technology, and innovation are essential for national development and progress. It shall therefore give priority to research and development (R&D), invention, innovation, and their utilization. It shall also encourage the

widest and most systematic participation of all stakeholders including marginalized groups like elderly, indigenous people, physically challenged, and women in policymaking related to science and technology, and in the generation, transfer, and utilization of intellectual property (IP), especially for the benefit of the public.

The State shall also facilitate the transfer and promote the utilization of IP for the national benefit and shall call upon all RDIs that perform government-funded R&D to take on technology transfer as their strategic mission and to effectively translate results of government-funded R&D into useful products, processes, and services that will redound to the benefit of Filipinos, notwithstanding the revenue generated from IPRs and technology transfer activities.

The State likewise acknowledges that the successful transfer of government-funded R&D results depends on the proper management of IP, development of capacity of RDIs to be competitive, and on enhancing interaction and cooperation with the private sector, particularly small and medium enterprises through collaborative and contract research based on equitable, fair access, and mutual benefit for all involved partners.

The State shall further establish the means to ensure greater public access to technologies and knowledge generated from government-funded R&D while enabling, where appropriate, the management and protection of related IP.

Finally, the State recognizes that an effective intellectual and industrial property system is vital to the development of domestic creative environment, facilitates transfer of technology, attracts foreign investments, and ensures market access for our products.

III. SCOPE

The Protocol shall cover the identification, disclosure and protection, management, promotion, dissemination, transfer or commercialization by the RDIs of IPs and/or IPRs generated from R&D funded by the government.

IV. DEFINITION OF TERMS

For the purpose of this Protocol, the following terms shall be defined as follows:

1. **RDI Technical Review Committee** “RDI-TRC”, or its equivalent, refers to the RDI's official group or committee, comprised of researchers or experts, selected officers or Executive Committee members, and Technology Licensing Office (TLO) representative, tasked to monitor new and ongoing R&D projects/activities funded by the government, determine the technologies or IPs generated therefrom, and evaluate the same for transfer or commercialization.

2. **Technical Assistance** refers to the assistance provided in relation to training or capability building and other activities, including but not limited to, plant set up or debugging and start-up operation, equipment set up or upgrading and test run, which shall be the subject of a Technical Assistance/Service Contract or Memorandum of Agreement (MOA).
3. **Technical Information or Data** refer to the know-how, information or data, which may be transmitted in any form, whether oral or written, electronic or otherwise, which include but are not limited to, documents, software, photographs, blueprints, floor plans or layouts of plants and buildings, diagrams or designs of equipment, diagrams or blueprints of machines, lists and specifications of spare parts, operating/assembly instruction manuals, process flow charts, and others, which shall form part of the technology transfer arrangement.
4. **Technical Services** refer to the services rendered in relation to the demonstration or advice on manufacturing and other operations, which shall be covered by a Technical Service Contract or included in the Guidelines for the Implementation of Contract R&D, Training and other Technical Services, whichever is applicable.
5. **Technology for Commercialization** refers to any technology or intellectual property created or developed from R&D projects/activities funded by the government in accordance with the thrusts/priorities of the DOST. The technology should be pilot tested, if applicable, and must pass the standards or criteria set for evaluation by the RDI-TRC in terms, among others, of technical feasibility and economic viability.
6. **Technology Generator** refers to the RDI represented by its scientists and/or researchers who are directly involved in the creative work(s), such as but not limited, to inventions (whether patentable or non-patentable), utility models, industrial designs, and other IPs and/or IPRs.
7. **Technology Maker** refers to research personnel directly involved in the creative work(s), such as but not limited to, inventions (whether patentable or non-patentable), utility models, industrial designs, and other IPs and/or IPRs.
8. **Technology Transfer Agreement** refers to contract or legal instrument involving the systematic transfer of knowledge for the manufacture of a product, application of a process or rendering of a service, including sale, assignment or licensing of IPs and/or IPRS, which may be in the form of a Memorandum of Agreement (MOA), Technology Licensing Agreement (TLA), or other applicable contracts.

9. **Valuation Report** refers to the report on the value of the technology or IP using various approaches and methods, the contents of which are outlined in Section 4, Chapter III of the Joint DOST-DTI-IPOPHIL Administrative Order No. 001 dated 26 June 2012 entitled "Guidelines on Intellectual Property Valuation, Commercialization, and Information Sharing of Republic Act No. 10055."

The definitions as stated in R.A. No. 10055 and its Amended IRR are likewise adopted.

V. FUNCTIONS OF TECHNOLOGY TRANSFER OFFICES / TECHNOLOGY LICENSING OFFICE / TECHNOLOGY BUSINESS DEVELOPMENT OFFICES (called as "TTO")

1. The RDIs shall establish their own TTOs and/or Technology Business Development Offices pursuant to Section 20, Article IX of R. A. No. 10055 and Rule 24, Chapter IX of the IRR or Joint DOST-IPOPHL Administrative Order No. 02-2010 dated 18 August 2010.
2. The TTO shall carry out the following main functions:
 - a. Assist in the prior art search or patent search and other patent information services;
 - b. Provide assistance in technology / IP / IPR protection;
 - c. Undertake technology / IP / IPR licensing, transfer or commercialization negotiations;
 - d. Provide technology / IP / IPR assessment service, including valuation.;
 - e. Promote technology / IP / IPR ready for commercialization;
 - f. Maintain database of technology / IP / IPR to ensure traceability;
 - g. Manage technology / IP / IPR, including the revenues or the transferred and commercialized technology / IP IPR; and,
 - h. Perform other activities to protect and commercialize technology / IP / IPR.

VI. IDENTIFICATION, DISCLOSURE AND PROTECTION OF INTELLECTUAL PROPERTIES

1. The RDI shall execute a Research Agreement with the researcher(s) containing provisions, among others, requiring the latter to identify and disclose to the former the IP derived from the R&D funded by the government, and to assign to the former the ownership and rights over the IP or work; sharing of revenues; maintaining the confidentiality of information; and, protecting the IP.
2. Prior to the execution of the Research Agreement, the researcher(s) shall submit to the RDI for evaluation a report on the intended R&D showing, among others, the prior art search or patent search results.

3. The researcher(s) shall promptly identify and disclose the IP generated from the R&D to the Head of the RDI by submitting a duly accomplished Invention Disclosure Form. The IDF shall be submitted, together with a Deed of Assignment, by the researcher/s of the IP in favor of the RDI.
4. The RDI shall make a confidential disclosure of IPs and/or potential IPRs to the Head of the Government Funding Agency (GFA), if the R&D project is funded by the GFA, and/or the concerned DOST Office, for GAA-funded projects, within thirty (30) working days from the date of confidential disclosure by the researcher(s) to the RDI. Within the same period, should the RDI opt to seek assistance from Technology Application and Promotion Institute (TAPI) for IP protection, the RDI shall submit to TAPI the complete disclosure documents containing the Invention Disclosure Form and its attachments such as the prior art search results and technical/terminal report.
5. Should TAPI assist for filing for IP protection, the RDI, through its TTO, in coordination with TAPI shall assist the Technology Maker(s) of the IPs in the preparation of the documents for the filing of the application for IP protection with the duly authorized entities, such as the Intellectual Property Office of the Philippines (IPOPHL).
6. The RDI shall file the application for IP protection with the duly-authorized entities, within thirty (30) working days from the date of confidential disclosure by RDI to GFA and/or concerned DOST Office and upon submission of complete disclosure documents stated in item No. 4.
7. No public disclosure about the IP shall be made which would constitute a prejudicial disclosure or include the disclosure of confidential information. In no case shall a disclosure about the IP be made which would prejudice its full protection. In the event that a public disclosure is made, IP application shall be filed within three (3) months from the date of such public disclosure.
8. Confidentiality agreements containing provisions on maintaining and protecting the confidentiality of proprietary information shall be executed with the individuals or entities concerned, such as the RDI research staff, and the GFA and their staff, at the onset of the R&D project or activities when confidential information may be disclosed or acquired.
9. The RDI shall notify the GFA, if the R&D project is funded by the GFA, and/or concerned DOST Office, if funded thru GAA, of the filing of IP application, within a period of three (3) months from the date of filing, and shall report annually on the progress of said application.
10. The RDI shall inform the GFA and/or concerned DOST Office within six (6) months from the effectivity of the Protocol of all IP applications, licenses and assignments made. The RDI shall likewise report annually on the progress of IP and/or IPR commercialization efforts and of all technology transfer agreements entered into, and submit annually intellectual property management reports.

11. In case of joint funding, where research is partly funded by DOST and by other entities in part, the RDI shall submit to all concerned GFAs complete copies of the agreement(s) executed among the parties.
12. The RDI shall inform in writing the GFA, if the R&D project is funded by the GFA, and/or concerned DOST Office, if funded thru GAA, if the RDI, in its judgment, believes that an IP should be protected solely as undisclosed information or trade secret, and if the GFA and/or concerned DOST Office, after review, recognize the same, it may not obligate the RDI to file any application for IP protection. The RDI shall submit regular reports on the IP protected as undisclosed information as required by the GFA and/or concerned DOST Office. Non-patentable assets and know-how may be licensed as trade secret.
13. With respect to biodiversity, genetic resources or materials associated with traditional knowledge, and indigenous knowledge, systems and practices, the rules on disclosure for the protection of their IPs, as stated in Section 3, Rule 12 of R. A. No. 10055, shall govern.

VII. TECHNOLOGIES/ INTELLECTUAL PROPERTIES/ INTELLECTUAL PROPERTY RIGHTS FOR TECHNOLOGY TRANSFER OR COMMERCIALIZATION

1. To facilitate promotion, dissemination, transfer or commercialization of various technologies/IPs/IPRs developed by the RDI from government-funded R&D projects, the researcher(s) shall provide the TTO with relevant information/documents on identified/ selected technologies, such as but not limited to the following:
 - a. Technical or terminal reports, consisting of manufacturing process or operations, materials and equipment requirements or specifications, quality control parameters, utilities or power requirements, product quality specifications and test procedures, and others;
 - b. Invention disclosure documents;
 - c. Design and/or diagrams or blueprints of equipment;
 - d. Manuals such as User's, technology, Maintenance and Operations, etc; and,
 - e. Plant design or layout.
2. The TTO shall evaluate the submitted documents in terms of completeness and technology readiness and identify technologies prioritized for transfer and commercialization.
3. The TTO shall make use of the above information/documents to prepare various marketing or promotional tools or kits, where applicable, without compromising the full protection of the IPS/IPRs, for the dissemination, transfer or commercialization of developed technologies/IPS/IPRs, such as:

- a. Technology Package that will provide brief description of the technology (product, process, service and equipment), its uses or application, market demand or business opportunities, investment costs, and duration or time allotment of a certain technology transfer;
- b. Technology Transfer Plan that will highlight the technology/product/process/services offered, general industry and market situation and the suggested business model;
- c. Technology Brochures and/or Flyers to serve as materials for the promotion and dissemination about the newly-developed technology, product, process, or services;
- d. User's Guide/Operation Manual of Equipment to guide users or operators on the proper use or operation and maintenance of equipment; and
- e. Training Manual to guide prospective Technology Transferees of the technology on the production processes or procedures and other requirements needed to pursue commercialization of the technology.

VIII. TECHNOLOGY TRANSFER MECHANISM

1. Identification of Potential Technologies/IPs/IPRs for Transfer or Commercialization:

- 1.1. The RDI TRC, represented by technology experts/researchers from the different divisions and, if possible, representatives from relevant sectors/industry, shall review and evaluate complete R&D projects based on a set of criteria to determine their readiness for transfer or commercialization.
- 1.2. The requirements for a technology/IP/IPR to be considered eligible for transfer or commercialization are as follows:
 - a. Proof of completion of the R&D project generating the technology/IP, as may be applicable, such as but not limited to, documented technical report endorsed and submitted by the concerned researcher (s) or R&D division; results from clinical trials and other relevant tests; sample prototypes of the product, process, device or equipment; and, documented TRC reports.
 - b. Acceptance of the technology/IP for patent application, if the technology is patentable, or the grant of patent,

- c. Documented assessment from the TTO on selected technology and the recommended mode/s of transfer.
- 1.3. All identified technologies/IPs/IPRs for transfer or commercialization shall be disseminated and posted in DOST and RDI websites without affecting compliance with the requirements for their full IP protection.

2. Criteria for Selection of Technology Transferee

To ensure effective transfer or commercialization of technologies/IPs/IPRs, the RDI shall identify and select the Technology Transferee(s) on the basis of the following criteria:

- a. Existence, legal personality and track record;
- b. Financial capability of the Technology Transferee and its ability to sustain the production;
- c. Competitive position of the Technology Transferee; and
- d. Compliance with legal, statutory, business and transfer/ commercialization requirements.

3. Technology Transfer Guiding Principles and Modes

3.1. Guiding Principles and Modes

The Guiding Principles on Intellectual Property Commercialization stated in Chapter II of the Joint DOST-DTI-IPOPHL Administrative Order No. 001 dated 26 June 2012 must be observed in the transfer or commercialization of the technologies/IPs/IPRs through various modes, such as licensing, direct sale, technical assistance/service, technology demonstration/training, technology business incubation or technology-based enterprise, module consultancy, establishment of spin-off firm, and others, apart from public bidding and build operate transfer schemes.

3.2. Exemption from FOR process

In instances when the GFA or RDI resorts to other modes of commercialization, subject to the limitations as provided by law, such as public bidding, direct negotiation, build operate and transfer scheme, and such other similar and/or analogous modes, the FOR shall not be required.

3.3. Activities not considered as commercialization

The following activities are not considered as commercialization where FOR is not required:

- a. government extension programs;

- b. training services;
- c. public good, which shall be defined and determined by the RDI;
- d. manufacturing for pre-commercialization activities, in which case, a limited manufacturing license is issued; and
- e. other analogous cases as may be determined by the RDI.

3.4. **Technology Transfer Agreement**

The RDI, through the TIO, shall prepare a Technology Transfer Agreement in accordance with the following process:

a. **Letter of Intent**

- i) The requesting party or prospective Technology Transferee shall submit Letter of Intent to the Head of the RDI; and,
- ii) The RDI Head shall refer the Letter of Intent to the TIO which, in coordination with concerned researcher(s) or R&D division, shall respond to the Letter of Intent by providing the necessary information, requirements, and reference materials, such as brochures and Technology Package, if necessary.

b. **Consultative Meetings/Negotiations**

The RDI, through the TIO and the researcher(s), shall closely coordinate with the prospective Technology Transferee to discuss or negotiate on the terms of the technology transfer or commercialization and compliance therewith.

- i) The RDI and prospective Technology Transferee shall sign a confidentiality agreement, which is executed when confidential information may have been disclosed during the discussions or negotiations;
- ii) Consultative meetings or negotiations shall take place as agreed upon;
- iii) The prospective Technology Transferee shall submit relevant documents, such as, but not limited to, company profile, technical data, available resources, cost of utilities, project proposal and other pertinent documents; and,
- iv) The RDI, through the TIO, shall furnish the prospective Technology Transferee with the basic information on the technology (product, process, technology cost) and possible arrangement/Terms of Reference (TOR) for the Technology Transfer Agreement.

c. **Ocular inspection or Conduct of Technology Needs Assessment (TNA)**

- i) The RDI technical staff or concerned Regional Office (RO) shall conduct ocular inspection or TNA, if necessary, to validate or match technology needs based on existing resources; and,
- ii) The RDI technical staff or concerned RO shall discuss with the prospective Technology Transferee insights, observations and/or findings during the ocular inspection or TNA.
- iii) For ocular inspections and/or TNAs conducted by the concerned RO, a report shall be prepared and submitted to the RDI, or vice versa.

d. Preparation of the Draft Agreement

- i) The RDI, through the TTO, shall prepare a draft of the Technology Transfer Agreement suited to the technology transfer scheme; and
- ii) The RDI, through the TTO, shall forward the draft agreement to the prospective Technology Transferee for review prior to finalization

e. Secure Fairness Opinion Report (FOR) and Written Recommendation

In transactions requiring a Fairness Opinion Report and Written Recommendation, the RDI shall submit a written request to the Receiving Office, together with following support documents, such as but not limited to:

- i) Proposed transaction, such as Licensing Term Sheet, Licensing Agreement or any Technology Transfer Agreement;
- ii) Financial Documents of the Technology Transferee;
- iii) Documents pertaining to IP Protection, if any;
- iv) Documents, if any, to support legal, social, environmental and other impact of the proposed transaction; and,
- v) Background Documents of the parties to the transaction.

In case of creation of spin-off firm by the researcher-employee, the RDI shall secure the Fairness Opinion Report and Written Recommendation, in compliance with Rule 11, Chapter III and the issuances pursuant thereto.

f. Signing or Execution of the Agreement

The parties shall execute the appropriate Technology Transfer Agreement based on the agreed upon terms and conditions.

3.5. Establishment of Spin-off Firm by the Researcher-Employee

The RDI's researcher-employee may establish or participate in a spin-off

firm to commercialize or pursue commercialization of the IPs and/or IPRs generated from the R&D funded by the government by complying with the following requirements and procedure, aside from those stated in Chapter VI of R. A. No. 10055.

a. **Letter of Intent and Business Plan**

The researcher-employee shall signify in writing to the RDI the intent to create or participate in a spin-off firm and must submit a Business Plan. This transaction shall be considered for endorsement to the Fairness Opinion Board and the DOST Secretary.

b. **Incentive for Spin-off Firm**

The spin-off firm may apply for a Technology Business Incubator (TBI) arrangement based on existing TBI policies of the RDI, or it may be allowed access to the RDI's laboratory or production facilities, subject to existing fees, charges and regulations which the DOST or RDI may impose.

c. **Detail or Secondment to the Private Sector**

In case where the RDI researcher would be employed by an existing company, which will pursue the commercialization of the technology/IP, the applicable provisions of R. A. No. 8439 shall prevail.

IX. MONITORING AND EVALUATION

1. The RDI shall conduct monitoring and evaluation of technology transfer initiatives;
2. Indicators for the successful technology transfer or commercialization may include but not limited to any of the following:
 - a. Improved productivity;
 - b. Increased income;
 - c. Product diversification;
 - d. Employment generation; and,
 - e. Royalty received by the Technology Generator and/or Maker(s).
3. The RDI, through the TTO jointly with the researcher(s) concerned or R&D division, will come up with recommendations and best practices to make effective or improve the delivery of future technology transfer undertakings and identify possible areas for innovation.
4. The RDI shall conduct ex-post analysis or impact assessment on knowledge translation or technology transfer initiatives after a span of three (3) to five (5)

years. The activity will facilitate documentation of technology transfer experiences and practices that may lead to future technology innovations, such as new products, services, processes, or improved technology delivery system or model and continuing spin-off or innovation-based enterprises. If feasible, the ex-post analysis shall be outsourced to ensure objectivity.

5. The RDI shall maintain a database of all the documents and materials generated from the RDI's R&D activities, technical service programs, and communications.

X. REVENUE SHARING BETWEEN RDI AND RESEARCHER(S)

1. All revenues from the commercialization of IPs and PRs derived from R&D funded by the GFAs shall accrue to the RDI, subject to a revenue sharing provision in the Research Funding Agreement (RFA) or MOA and the sharing of revenue between RDI and researcher(s).
2. All income generated from commercialization of IPs and IPRs from R&D funded by the GFAs shall be constituted as a revolving fund, which shall be governed by the Guidelines and Procedures in the Establishment and Maintenance of Revolving Fund (DOST Memorandum Circular No. 001 dated March 5, 2015), R. A. No. 10055 and its IRR.
3. Pursuant to the rights of the researchers granted under R. A. No. 8439 or the "Magna Carta for Scientists, Engineers, Researchers, and other S&T Personnel in Government", the RDI and the researcher(s) shall have sixty percent (60%) and forty percent (40%) share, respectively, in the revenues derived from R&D projects.

The RDI, through the TTO and the researcher(s), shall ensure and monitor that the Technology Transferee timely and properly pay to the RDI the fees or royalties for the transfer or commercialization of the technology/IP/IPR.

The payment to the researcher of the forty percent (40%) share in the revenue shall be subject to the following:

3.1 The Finance and Administration Division of the RDI shall notify the TTO of availability of royalty claims and require the submission of the following:

- a. Copies of Technology Transfer Agreement;
- b. Deed of Assignment, Research Agreement, Special Order (SO), or other applicable agreement stating the names and share distribution of all entitled RDI personnel;

3.2 Distribution of Share among Researchers. The apportionment/distribution of the share among the researchers shall be clearly stipulated in a MOA/Special Order/Research Agreement. In the absence of a written agreement among the

researchers regarding the apportionment of share, the 40 percent share in the revenue shall be distributed among involved researchers as follows:

- a. For technologies/IPS/IPRs with only one researcher, one hundred percent (100%) shall be vested on the sole researcher;
- b. For technologies/IPS/IPRs with two researchers, sixty percent (60%) shall be given to the main author/researcher and forty percent (40%) to the co-researcher; and
- c. For technologies with three or more researchers, forty percent (40%) shall go to the main author/researcher and sixty percent (60%) shall be distributed among the other researchers.

3.3 Duration of Payment. The researchers shall continue to receive their share under the following conditions:

- a. Researchers of technologies/IPs/IPRs with or without protection shall continue to receive their share within their lifetime for as long as there are technology fees, royalties and revenues derived from the transfer or commercialization of the technology/IP/IPR;
- b. Researchers, whether regular or contractual, who have retired or have severed their employment ties with DOST shall continue to receive their share within their lifetime for as long as there are royalties and revenues derived from the commercialization of the technology/IP/IPR;
- c. In no case shall the researcher assign, convey, or transfer his/her right, title, or interest in and to the share in royalties.

XI. INCENTIVES FOR THE TTO and/or TTBD0

1. The RDI may accord their staff with incentives consistent with existing laws to sustain efforts in identifying valuable IP and/or in pursuing IP commercialization;
2. The RDI should clearly identify the composition of the research team and execute the corresponding research agreement with its research staff. The technology transfer protocol shall include provisions on the form and manner of granting incentives, which incentives should not be taken from the researchers' share in the royalties;
3. The RDIs shall determine the form and manner of granting incentives; and

4. The staff may not only include researchers, but also technology licensing officers and others involved in the identification of valuable IP and/or pursuing IP commercialization.

XII. GENERAL PROVISIONS

1. Basic Provision

Any issues on the IPS/IPRs generated out of DOST-funded R&D shall not impede the expedient transfer, roll-out or commercialization of the needed technology, as may be determined essential by the DOST Secretary in case of national emergencies or the need to advance national and local interests,

2. Dispute Resolution

Any dispute relating to any provision in this Protocol or arising between the RDI and the researchers pertaining to any of the provisions in the Research Agreement shall be resolved amicably through the alternative dispute resolution process of the RDI.

3. Separability Clause

If any provision of the Protocol is declared unconstitutional, the same shall not affect the validity and effectivity of the other provisions.

4. Effectivity

The Protocol shall take effect fifteen (15) calendar days after its complete publication in the Official Gazette and upon filing at the UP Law Center in accordance with law.

FORTUNATO T. DELA PEÑA

Secretary