Training session on Transfer of Technology and Intellectual Property Rights

Eli Salis
Latin America IPR SME Helpdesk
Vilnius, Lithuania
Index

1. Intellectual Property Rights and International Trade.
2. Commercialization - Technology Diffusion.
4. Commons Mistakes.
Poll 1

Do you plan to protect (or have protected) your inventions in Latin America?

A. Yes.
B. No
Intellectual Property Rights and International Trade

Why IP protection should matter for TT?
If your company has an invention that you think is patentable, take steps at once. You may lose your right to patent it if you offer it for sale or disclose it publicly without patent protection.
Some questions ... (from the perspective of an European company)

Where to invest? The decision depends on local considerations such as:

• market size (is the same Brazil than Uruguay?)
• resource availability
• distance from markets (how far is Lithuania from México?)
• productions costs (is the same in Bolivia than in Peru?)
• supply of labour (export or instruct local staff?)
• Export or manufacture locally?
Poll 2

Have you used the Patent Cooperation Treaty to Apply for Patent Protection?

A. Yes, to obtain patent in China and/or South-East Asia
B. Yes, to obtain patent in Latin America
C. Yes, to obtain patent in all of the above-mentioned regions
D. No
E. No, I don’t know what Patent Cooperation Treaty is.
Have you considered international protection?

Protecting and managing an IP portfolio internationally. Cost effective and friendly:

- **Patent (Patent Cooperation Treaty (PCT))**
  - More than 20 LAC
  - Mexico has a PPH

Filing patents for blocking 3rd parties without intent of exploiting is an aggressive patent strategy.
**Patents: Differences with the European Legal System**

**Practical case:** Inventor A who is based in Lithuania presents a paper in Russia on September 8, 2015. He then returns to Lithuania and is busy with other work. In August 2016 he remembers that he needs to file a patent application on the invention. Is it too late for him to seek patent protection?
Trade Secret
Non-disclosure Agreements

Will your employees not disclose sensitive information to others?

Wanting to discuss a concept or develop a new product with potential collaborators?

**TIPS:**
- Sign the agreement before disclosing the info.
- Include a clause with damages.
Licensing

What do you want to license?

Register it!

Find your other half

Negotiate

- Type of Licence
- Enforcement Rights
- Limitations
- Payments
- Improvements
Scope of the License: some problems

• European Company has not seek for protection of their IP Rights in Latin America countries. Which is the legal implications?

• European Company knows that he has patent protection in some countries but he is not able to identify them. Which are the steps this company has to take?

• European company signed a license agreement over a know how with a Latin America company. This company disclosed without authorization some data. What does the European company should do?
Government Control of Licensing Agreements

- In many developing countries, the inflow of technology is subject to a variety of controls as a means of ensuring that contracts concerning transfer of technology are consistent with the economic aims of the government.
- In some countries, these controls are part of a more comprehensive system of laws dealing with foreign investment in the country.
3.- Steps to follow – LAC
Colombia

Grant, registration and administration of IPRs are carried out by:

1. The Office of the Superintendent of Industry and Commerce (SIC)
   - The Ministry of Health and Social Protection.
2. The Agricultural Institute (ICA).
3. The Ministry of Interior - National Copyright Directorate.

Good to know:
- Licenses must be in writing and registered with the SIC in order to be known and to have effect on 3rd parties.
- Exploit your patent: If after 3yrs the patent has not been worked, a compulsory licence may be granted.
- PCT and Madrid Protocol member.
Grant, registration and administration of IPRs are carried out by:

1. The Brazilian Industrial Property Institute (INPI).
   - National Health Surveillance Office (ANVISA).
   - Brazilian National Technical Biosafety Commission (CTNBio).

Biotechnology – R&D and industrial production, you need
a) a certificate on Biosafety Quality and,
b) to establish an Internal Committee for Biosafety.

Good to know:

- TT (incl. technical services and technical assistance) and similar contracts must be registered with INPI to have effect on 3rd parties.
  - INPI neither annotate agreements nor issue certificate of registration for the license of non-patented proprietary technological knowledge.
  - INPI does not accept technology licenses and establishes that the technology is permanently transferred to the Brazilian recipient.
  - Software agreement registration is not required, unless it involves the transfer of source code and know-how.

3. Copyright (varied) e.g. the National Council of Engineering, Architecture and Agronomy.

**Good to know:**

- License/assignment agreements submitted to INPI must be **notarised**.
- License/assignment agreements signed outside of Brazil must be **notarised** and **legalised**. If signed in Brazil, INPI requires the signature of two witnesses.

- **INPI assessment and approval of TT and IP licensing agreement is mandatory** for the purposes of:
  
  (i) authorizing remittance of royalties to foreign licensor, grantor of IPRs recognized in Brazil;
  
  (ii) trigger tax deductibility by the Brazilian party of amounts paid in connection with IP license, acquisition; and
  
  (iii) entitle the Brazilian party to enforce licensed, granted IP rights.
Brazil – Good to know

- After INPI’s registration, agreements must be registered with the Central Bank of Brazil.
  - Law No. 4,131/1962 regulates foreign capital in Brazil.
- Exploit your patent: If after 3yrs the patent has not been worked, a compulsory licence may be granted.
- PCT member.

**Improvements:**
- An improvement introduced in a licensed patent shall **belong** to the party that makes the improvement.
  - Clauses to the contrary may be challenged by INPI.
- The other party is entitled to a **preferential right** to the licensing.
- INPI may challenge clauses establishing that improvements developed by the licensor may only be used by the Brazilian company upon the execution of a new agreement.
Brazil: practical case

• European company licensed some patents to a Brazilian company.

• The license agreement was not recorded before the INPI.

• The Brazilian company informed the European company about an infringement in this country.

• As the agreement was not recorded, the Brazilian company was not entitled to institute legal actions.
Chile

Grant, registration and administration of IPRs are carried out by:

• National Industry Property Institute (INAPI).

• Ministry of Education (IP Department).

• Minister of Agriculture (Cattle and Agricultural Service of the Ministry).

Good to Know:

• Licenses must be in writing and registered with INAPI in order to be known and to have effect on 3rd parties.

• Signed before a notary and for the recording it must be filed along with the Recording Form.

• INAPI analyzes the Recording Form.

Recommendation: if the agreement originates from abroad, legalize it with the consul of Chile in the foreign country and then in the Chilean Ministry of Foreign Affairs.
Chile – Good to Know

• Non-working Patents: Non voluntary licenses may only be granted if there is a monopoly abuse (Resolution Committee established under Decree-Law no. 211 of 1973).
• PCT member.
• Law No. 20.241 on R&D provides incentives:
  ▪ 35 % tax credit on the amount invested in R&D, when duly certified by the National Production Development Corporation;
  ▪ remaining 65 % can be considered as ‘expenses’.
NOTE: the minimum amount to be certified as R&D activity has to exceed €7,720 approx. and the maximum amount for the 35 % tax credit is €1,155,000 approx.
Mexico

Grant, registration and administration of IPRs are carried out by:

- The Mexican Patent and Trade mark Office (IMPI)
  - Medicines Regulatory Agency (COFEPRIS) – incl. biotech products.
- The National Institute of Copyright (INDAUTOR).
- National Service for the Control and Certification of Seeds (SNICS).

Good to Know:

- IP license/assignment must be registered with the IMPI.
  - Not to be registered if the IP registration had expired or if the agreement is longer than its IP validity.
- Exploit your patent: If after 3yrs the patent has not been worked, a compulsory licence may be granted.
- PCT and Madrid Protocol member.
Experiences. Alleged Infringement in Mexico.

- Portuguese company who commercialized glasses announced in a press campaign the establishment of a factory in Mexico.
- The Mexican branch has a license agreement to manufacture and sell a model of a glass (signed in October 2015).
- First question: has the Portuguese company registered an industrial design?.
- A third company send a cease and desist letter to the Mexican branch for infringement of a prior industrial design filed in October 2014.
Peru

Grant, registration and administration of IPRs are carried out by:

   1.1. Copyright Commission.
   1.2. Office of Inventions and New Technologies.
   - GMO and biotech products regulated through CONAM (the National Environmental Commission).
   - National Program for Genetic Resources and Biotechnology.

1.3. Directorate of Distinctive Signs.

Good to know:

- Licenses must be in writing and registered before the INDECOPI to be enforceable before 3rd parties.
- Exploit your patent: If after 3yrs the patent has not been worked, a compulsory licence may be granted.
- PCT member.
Grant, registration and administration of IP rights are carried out by:

- The Argentinean Industrial Property Institute (INPI). Take into account also the National Administration of Medicines, Food and Medical Technology (ANMAT).
- Argentine Seed Institute (INASE).
- National Directorate for Copyright. Delegated offices process for some specific types of applications: Books -Argentina Book Chamber (CAL)-; Software -Chamber of Software and IT Service Companies (CESSI)- and Musical works -Argentine Society of Music Authors and Composers (SADAIC)-.
Argentina

Three types of technology transfer contracts could be registered at INPI:

- Transfer (change of ownership) of trademarks, patents, utility models and designs.
- **Technology Transfer and trademark license operated by legal entities domiciled abroad to local licensees.**
- Technology Transfer implementation contracts and license of trademarks, patents, utility models and designs between legal entities domiciled in the country.
Argentina

• Prior approval of any technology transfer agreement is no longer required.
• However, for tax benefits proposes, all agreements have to be registered with the INPI.
• The application must be filed before any payment to the foreign company is made. A fee of 0,25% of the total amount of the contract must be paid.
• It takes 60 / 90 days to have the contract registered.
Argentina

**Tax Benefits**

Lower income tax withholding rate in payments to foreign licensor

- **Standard rate:** 35%
- **Reduced rate:**
  - 28% (trademark/patent license agreements, technical assistance, engineering, or consulting services agreements available in Argentina) or
  - 21% (technical assistance agreements, engineering, or consulting services unavailable in Argentina)
- **Double taxation treaties:** Lowest rate applies
Argentina: practical case

• European company with a business plan based in licensing patents to an Argentinean company.

• According with this business plan de benefits during the fiscal year would be X.

• The European company was not aware of the TT process in this country. At the end, and after recording the contract before the INPI, the net benefits were higher.
Common Mistakes

• Believing that:
  ▪ IP protection is global.
  ▪ Procedures and protection of IPRs are the same everywhere.
• Applying too late for IP protection / disclosing too early trade secrets
• Not establishing or clarifying IP ownership.
• Prosecution: backlog at certain Offices
• Enforcement