



Republic of the Philippines

DEPARTMENT OF SCIENCE AND TECHNOLOGY

OFFICE OF THE SECRETARY

SEP 14 2015

Administrative Order No.: 009
Series of 2015

**Subject: THE 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.

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. **Due Diligence Report** refers to the results of the investigation conducted prior to any technology transfer arrangement to reasonably determine the prospective Technology Adoptor's qualifications and capability to comply with the transfer or commercialization requirements.
2. **RDI Technical Review Committee (RDI-TRC)** 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.
3. **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).

4. **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.
5. **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.
6. **Technology Adoptor** refers to any person or legal entity undertaking technology transfer arrangement with the RDI.
7. **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.
8. **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.
9. **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.
10. **Technology Transfer Arrangement** refers to contract or agreement 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.
11. **Valuation Report** refers to the report on the valuation 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 IRR shall be adopted for the following terms:

1. Commercialization
2. Government Funding Agency
3. Intellectual Property
4. Intellectual Property Rights
5. Potential IPRs
6. Research Agreement
7. Research and Development
8. Research and Development Institute
9. Research Funding Agreement
10. Spin-off Firm or Company
11. Technology Transfer
12. Technology Transfer Protocol

V. FUNCTIONS OF TECHNOLOGY LICENSING OFFICE (TLO)

1. The RDIs shall establish their own TLOs 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-IPO Administrative Order No. 02-2010 dated 18 August 2010.
2. The (name of position/office/group) shall be designated as the TLO of each RDI.
3. The TLO 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 IPs and IPRs protection;
 - c. Undertake IP and IPR licensing, transfer or commercialization negotiations;
 - d. Provide IP valuation service to assess the IP assets and determine their worth or value;
 - e. Promote IPs and IPRs ready for commercialization;
 - f. Maintain database of IPs and IPRs to ensure traceability; and,
 - g. Manage IPs and IPRs and their revenues.

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 an Invention Disclosure Form, which shall include, but not be limited to, the following information:
 - a. Title of Technology or Invention
 - b. Complete Names of Researchers/Inventors (directly involved in the R&D)
 - c. Brief Overview of the Technology or Invention
 - d. Technical Description of the Technology or Invention, with Details and Supporting Information
 - e. Search Terms
 - f. Prior Findings, Methods, Devices or Developments
 - g. Phases of Development
 - h. Patentability/Registrability of the IP
 - i. Plans for Protection of the IP; Intended Date of Filing of Application
 - j. Commercial Potential and/or Public Benefit of the IP
 - k. Modes of Transfer or Commercialization of the IP
 - l. Prospective Licensees/Co-Developers/Adoptors/End-Users
 - m. Intended Dates of Conception and Reduction to Practice
 - n. Sponsorship/ Other Collaborations
 - o. Agreements

- 3.1 The TLO shall assign a case number for tracking and monitoring purposes. The case number shall follow the following format:

XXX - ##### - #####
(RDI) (Year) (Number)

- 3.2 Together with the submission of the Invention Disclosure Form, the researcher(s) shall immediately execute a Deed of Assignment of the IP in favor of the RDI.
- 3.3 The TLO shall determine and recommend to the RDI the method of IP protection.
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 DOST-TLO, for GAA-funded projects, within thirty (30) calendar days from the date of confidential disclosure by the researcher(s) to the RDI. Within the same period, 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. Upon the decision and notification of the RDI and GFA, the RDI, through its TLO or patent personnel concerned, in coordination with Technology Application and Promotion Institute (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 (IPOP HL).
6. The RDI shall file the application for IP protection with the IPOP HL, through TAPI, within thirty (30) calendar days from the date of confidential disclosure by RDI to GFA and/or DOST-TLO 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 DOST-TLO, 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 DOST-TLO 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 DOST-TLO and the GFA 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 DOST-TLO, 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 DOST-TLO, 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 DOST-TLO. 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 TLO with relevant information/documents, such as:
 - a. List of technologies/IPs/IPRs ready for transfer or commercialization;
 - b. 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;
 - c. Invention disclosure documents;
 - d. Design and/or diagrams or blueprints of equipment; and,
 - e. Plant design or layout.
2. The TLO 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. **Business Plan** that will highlight the technology/product/process/services offered, industry situation and market competition, strategic business and marketing plan, and the proposed 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 Adoptors 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. Acceptance of the technology/IP for patent application, if the technology is patentable, or the grant of patent.
 - b. 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; clinical trial results; sample prototypes of the product, process, device or equipment; and, documented TRC reports.
- 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 Adoptor

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

- a. Existence, legal personality and track record;
- b. Financial capability and availability of required resources; and
- c. Compliance with legal, statutory, business and transfer/commercialization requirements.

3. Technology Transfer Guiding Principles and Modes

3.1 Guiding Principles

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 Licensing/Other Agreement

The RDI, through the TLO, shall prepare a Licensing Agreement or other appropriate agreement in accordance with the following process:

a. Letter of Intent

- i) The requesting party or prospective Technology Adoptor shall submit Letter of Intent to the Head of the RDI; and
- ii) The RDI Head shall refer the Letter of Intent to the TLO 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 TLO and the researcher(s), shall closely coordinate with the prospective Technology Adoptor to discuss or negotiate on the terms of the technology transfer or commercialization and compliance therewith.

- i) Consultative meetings or negotiations shall take place as agreed upon;
- ii) The prospective Technology Adoptor shall submit documents, such as company profile, technical data, available resources, cost of utilities, project proposal (optional), and other pertinent documents;
- iii) The RDI, through the TLO, shall furnish the prospective Technology Adoptor with the basic information on the technology (product, process, technology cost) and possible arrangement/Terms of Reference (TOR) for the licensing or transfer agreement; and
- iv) The RDI and prospective Technology Adoptor shall sign a confidentiality agreement, which is executed when confidential information may have been disclosed during the discussions or negotiations.

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

- i) The RDI technical staff shall conduct ocular inspection or TNA, if necessary, to validate or match technology needs based on existing resources; and,



- ii) The RDI technical staff shall provide the prospective Technology Adoptor with the report on the findings of the ocular inspection or TNA.

d. Preparation of the Draft Agreement

- i) The RDI, through the TLO, shall prepare a draft of the licensing agreement, or a Technical Service Contract, or any other agreement, as the case may be, to suit the technology transfer scheme; and
- ii) The RDI, through the TLO, shall present the agreement to the prospective Technology Adoptor for review prior to finalization.

e. Secure Fairness Opinion Report (FOR)

In case of direct negotiation for the technology commercialization agreement, the RDI shall submit a written request to the Secretary of DOST to obtain a written recommendation from the DOST Secretary on the agreement and to secure a Fairness Opinion Report from an independent third party body, submitting relevant documents, such as:

- i. Proposed transaction;
- ii. Valuation Report;
- iii. Due Diligence Report on the parties to the transaction, including background documents on the prospective Technology Adoptor or transferee; and
- iv. List of potential recommendees for membership in the Fairness Opinion Board (FOB).

In case of creation of spin-off firm by the researcher-employee, the RDI shall secure the Fairness Opinion Report as discussed above, which should be issued prior to the incorporation of the spin-off company.

f. Signing or Execution of the Agreement

Upon obtaining the written recommendation from the Secretary of the DOST and/or favorable Fairness Opinion Report on the transaction, the agreement may be signed or executed by the parties.



3.3 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 only if there is a feasible or workable Business Plan.

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 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. EX-POST ANALYSIS (IMPACT ASSESSMENT)

1. The RDI, through the TLO, 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.
2. Indicators for the successful technology transfer or commercialization will include the following:
 - a. Improved productivity;
 - b. Increased income;
 - c. Product diversification;
 - d. Employment generation;
 - e. Impact in the community; and
 - f. Royalty received by the Technology Maker(s).



3. The RDI, through the TLO 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. End results could be an improved or new Technology Delivery System or Model.
4. The above documents shall form part of the Institutional Repository (IR) or Knowledge Bank, together with 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 IPRs derived from R&D funded by the GFAs shall accrue to the RDI, subject to a revenue sharing provision in the Research Funding Agreement 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.
4. The RDI, through the TLO and the researcher(s), shall ensure and monitor that the Technology Adoptor timely and properly pay to the RDI the fees or royalties for the licensing, transfer or commercialization of the technology/IP/IPR.
5. The payment to the researcher of the forty percent (40%) share in the revenue shall be subject to the following:
 - 5.1 **Required documentations.** The researcher may claim payment for the share upon submission of the following documentary requirements:
 - a. Letter of Request from the researcher, addressed to the Head of RDI and endorsed by the concerned Division Head;
 - b. Copies of Licensing Agreement, Memorandum of Agreement(MOA), Special Order (SO), or other applicable agreement, and report on the technology transfer arrangement stating the names and share distribution of all entitled RDI personnel;



- c. Copy of IP protection filing or Certification or Registration of the relevant technologies/IPs/IPRs, if applicable;
- d. Copy of technical report in published form or project technical report, both with International Standard Book Number (ISBN) of the RDI technologies without IP Protection; and
- e. Copy of Official Receipt of payment for royalty made by the Technology Adoptor to the RDI.

5.2 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 share 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.

5.3 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 royalties and revenues derived from the commercialization of the technology/IP/IPR;
- b. Researchers 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. 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.


MARIO G. MONTEJO
Secretary