

17.10.2008

**THE PROTECTION AND UTILIZATION OF  
PUBLIC FUNDED INTELLECTUAL  
PROPERTY BILL, 2008**

A

**BILL**

*to provide for the protection and utilization of  
intellectual property originating from public funded  
research and for matters connected therewith or  
incidental thereto.*

BE it enacted by Parliament in the Fifty ninth year  
of the Republic of India as follows :-

	<p>1. (1) This Act may be called the Protection and Utilisation of Public Funded Intellectual Property Act, 2008.</p> <p>(2) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.</p>	Short title and commencement
<p>14 of 1957. 16 of 2000. 37 of 2000. 53 of 2001.</p> <p>21 of 1860.</p>	<p>2. In this Act, unless the context otherwise requires-</p> <p>(a) "designated countries" means countries in respect of which the recipient opts to retain the title under section 5;</p> <p>(b) "Government" means the Central Government and includes local authorities and statutory authorities under the control of the Central Government;</p> <p>(c) "intellectual property" means any right to intangible property, including trade mark, patent, design, and plant variety as defined under the Copyright Act, 1957; the Patents Act, 1970; the Designs Act, 2000; the Semiconductor Integrated Circuits Layout-Design Act, 2000; and the Protection of Plant Varieties and Farmers' Rights Act, 2001;</p> <p>(d) "intellectual property creator" means the person employed or engaged by the recipient for research and development and who created the public funded intellectual property;</p> <p>(e) "recipient" includes a university or institution of higher education established for research purposes which has entered into an agreement with the Government under section 3, and includes an organization established by an Act of Parliament or a non-profit scientific or educational organization registered under the Societies Registration Act, 1860.</p>	<p>Definition.</p> <p>39 of 1970.</p>

	<p>(f) "prescribed" means prescribed by rules made under this Act;</p> <p>(g) "public funded intellectual property" means intellectual property which is the outcome of research and development for which the Government has provided grant under section 3;</p> <p>(h) "Utilization" means the manufacture of a composition or product, the practice of a process or method, operation of a machine or system, or commercialization thereof.</p>	
	<p>3. (1) Any recipient interested to take a grant from the Government for the purpose of research and development shall enter into an agreement with the Government before receipt of such grant.</p> <p>(2) The agreement entered into under sub-section (1) shall be in such form and manner as may be prescribed.</p> <p>(3) The recipient of the grant shall,-</p> <p>(a) make disclosure of public funded intellectual property to the Government within the time specified under section 4;</p> <p>(b) perform the duties under section 7;</p> <p>(c) constitute an intellectual property management committee in the manner specified under section 10;</p> <p>(d) abide by such other conditions as may be prescribed.</p> <p>(4) The Government shall not release any grant to any recipient until an agreement under sub-section (1) is entered into.</p>	Funding Agreement.
	<p>4. The recipient shall within a period of sixty days of actual knowledge of the public funded intellectual property make a disclosure thereof to the Government in such form and manner as may be prescribed.</p>	Disclosure of the Public Funded Intellectual Property
	<p>5. (1) The recipient shall within ninety days of the disclosure under section 4, but <b>within the period</b></p>	Vesting of title of public funded intellectual property.

**specified by any law for the time being in force** for receipt of application in the designated countries for protection of public funded intellectual property, intimate, in such form as may be prescribed, to the Government, his intention to retain the title of the public funded intellectual property with respect to the designated countries and the Government shall allow the title of such public funded intellectual property with respect to such countries to vest in the recipient:

Provided that where the recipient fails to disclose the public funded intellectual property under section 4 or give such intimation within the specified time, the title of the public funded intellectual property, shall vest in the Government:

Provided further that the Government may, by an Order published in the Official Gazette, refuse the title to the recipient within ninety days of the receipt of the intimation on any of the following grounds,-

(a) that the recipient is not located in India or does not have a place of business located in India or is subject to the control of a foreign Government.

(b) that in the public interest and in exceptional circumstances the Government deem it expedient so to do;

(c) that it is necessary so to do in the interest of the security of the nation;

(d) that the public funded intellectual property is related to atomic energy as defined under section 20 of the Atomic Energy Act, 1962 or under section 4 of the Patents Act, 1970:

Provided that where the Government is satisfied that the recipient has, for reasons beyond his control failed to give intimation within the **time specified under this sub-section**, it may, for reasons to be recorded in writing, extend the said period to **such limit as may be prescribed**.

33 of 1962  
39 of 1970

	<p>(2) The title of the public funded intellectual property in respect of the countries other than the designated countries shall vest in the Government.</p> <p>(3) Where the recipient fails to apply for protection of public funded intellectual property within the period specified under section 7, the title of same, shall vest in the Government.</p> <p>(4) Where the recipient does not make a written election to retain the title to the intellectual property or is refused the retention of title to the intellectual property by the Government, and where more than one Government authorities are party to the funding agreement, the intellectual property shall be jointly owned by the Government authorities on terms agreed upon by such Government authorities:</p> <p>Provided that the share of costs and responsibility for intellectual property protection, maintenance, litigation and its utilization shall be mutually agreed to by the Government authorities within such time as may be prescribed.</p>	
	<p>6. The recipient shall not publicly disclose, publish or exhibit the public funded intellectual property till an application for the protection of the same in the designated countries are made:</p> <p>Provided that the recipient shall give intimation regarding public disclosure, publication or exhibition at least fifteen days before such disclosure, publication and exhibition to enable the Government to file application in countries other than the designated countries.</p>	<p>Bar to public disclosure, publication and exhibition.</p>
	<p>7. A recipient who retains the title to a public funded intellectual property shall,-</p> <p>(a) apply for the protection of public funded intellectual property in designated countries within <b>the period specified by any law for the time being in force;</b></p> <p>(b) <b>having regard to its financial capability,</b> bear all the expenses for its protection and enforcement;</p>	<p>Duties of recipient who retains title to the intellectual property.</p>

	<p>(c) initiate the process for utilization of the public funded intellectual property immediately after the application for protection of public funded intellectual property is filed and submit a written report within six months and biannually thereafter to the Government, specifying the steps taken for utilisation of the public funded intellectual property, details of licensees and any other information as may be prescribed.</p> <p>(d) share the royalties or income received from the public funded intellectual property with the intellectual property creator under section 11;</p> <p>(e) cause to maintain the accounts of the intellectual property management committee constituted under section 10;</p> <p>(f) cause the funds of the intellectual property management committee to be audited under section 14.</p>	
	<p>8. The recipient shall not assign its right to public funded intellectual property to any person or body of persons without the prior written permission of the Government obtained <b>sixty</b> days in advance to such assignment:</p> <p>Provided that the Government shall within a period of <b>forty-five</b> days convey its decision to grant or refuse such permission to the recipient:</p> <p>Provided further that where no such decision is conveyed within the said period of <b>forty-five</b> days, permission shall be deemed to have been granted.</p>	Assignment.
	<p>9. (1) The intellectual property creator shall, immediately after the creation of public funded intellectual property, make a disclosure to the recipient to enable it to make a disclosure to Government under section 4.</p> <p>(2) The intellectual property creator shall co-operate in all respects with the recipient or the Government, as the case may be, in the process of protection and utilization of the public funded intellectual property created.</p>	Duties of the intellectual property creator.

	<p>(3) The intellectual property creator shall not publish, exhibit or publicly disclose the public funded intellectual property without prior intimation, of at least thirty days, to the recipient or the Government, as the case may be.</p>	
	<p>10. (1) Every recipient shall within one hundred and eighty days of the receipt of the funds under section 3 constitute an intellectual property management committee within its organisation.</p> <p>(2) The intellectual property management committee constituted under sub-section (1) shall,-</p> <p>(a) identify, assess, document and protect public funded intellectual property with commercial potential;</p> <p>(b) perform market research and market such public funded intellectual property;</p> <p>(c) create an intellectual property management fund;</p> <p>(d) monitor the process of licensing and assignment;</p> <p>(e) manage revenues from licensed public funded intellectual properties for the organisation;</p> <p>(f) within one hundred and eighty days of its constitution;, establish mechanism to promote the culture of innovation and public funded intellectual property generation within the organization;</p> <p>(g) create mechanisms to govern the relations between the recipient and the creator of public funded intellectual property.</p>	<p>Constitution of intellectual property management committees and its functions.</p>
	<p>11. (1) The income or royalties arising out of the public funded intellectual property shall be shared as under:</p> <p>(a) subject to the provisions of any agreement which may be entered into between the Intellectual Property Creator and the recipient, <b>not less than</b> thirty per cent. of such income or royalties after deducting the expenses incurred in protection and utilization shall be given to the creator of intellectual property:</p>	<p>Sharing of royalties or income</p>

	<p>Provided that where such agreement has a provision for a lesser amount than thirty per cent of the net income, the provisions of this section shall prevail;</p> <p>(b) out of the remainder, thirty per cent shall be paid into the fund created by the intellectual property management committee;</p> <p>(c) rest of the income or royalty shall be retained by the recipient for its utilization in any further research and to meet other expenses for the protection and maintenance of public funded intellectual property.</p> <p>(2) The recipient shall give a written report regarding the distribution of the royalties or income to the Government along with report under clause (c) of section 7.</p>	
	<p>12. Notwithstanding any thing contained in this Act no recipient who has retained title to any public funded intellectual property and no assignee of any such recipient shall grant, to any person, the exclusive right to use or sell any public funded intellectual property in India, subject to the condition that such person manufactures products using such public funded intellectual property substantially in India:</p> <p>Provided that the Government may, for reasons to be recorded in writing, allow such sale or use for manufacture in countries other than India.</p>	Preference for national industry.
	<p>13. Notwithstanding anything contained in this Act, the Government shall have a right to practice and to assign any public funded intellectual property to carry out its obligations under any international treaty or agreement.</p>	Government's right to public funded intellectual property
	<p>14. (1) The recipient shall maintain proper accounts and other relevant records and prepare an annual statement of accounts in such form as may be, in consultation with the Comptroller and Auditor General of India, prescribed.</p> <p>(2) The accounts of the recipient shall be audited by the Comptroller and Auditor General of India at such</p>	Audit and Accounts.

	<p>intervals as may be specified by him and any expenditure incurred in connection with such audit shall be payable by the recipient to the Comptroller and Auditor General of India.</p> <p>(3) The Comptroller and Auditor General of India shall have the same rights and privileges and authority as in connection with the audit of the Government accounts and, in particular, shall have the right to demand the production of books, accounts, connected vouchers, other documents and papers and inspection of offices of the recipient.</p> <p>(4) The accounts of the recipient, as certified by the Comptroller and Auditor General of India together with the audit report thereon, shall be forwarded to the Government at such time as may be prescribed.</p>	
	<p>15. The recipient shall prepare in such form and at such time as may be prescribed, an annual report giving a summary of its activities including information relating to the proceedings and policies during the previous years and such report shall also contain statements of annual accounts of the recipient.</p>	Annual Report
26 of 1996.	<p>16. All disputes arising as a result of the provisions of this Act shall be settled in accordance with the provisions of the Arbitration and Conciliation Act, 1996.</p>	Dispute Settlement.
33 of 1962	<p>17. Nothing in this Act shall apply to any intellectual property generated out of scholarship, fellowship and grant given by the Government, primarily, for educational purposes:</p> <p>Provided that this section shall not apply to any public funded intellectual property falling within sub-section (1) of section 20 of the Atomic Energy Act, 1962.</p>	Disposition of Rights in Educational Awards.
	<p>18. The Government shall,-</p> <p>(a) apply for protection and maintain the public funded intellectual property for which the title vests with it under section 5 in any country as deemed necessary;</p> <p>(b) grant non-exclusive, exclusive, or partially exclusive licenses for Government owned public funded intellectual property, royalty free or for</p>	Duties of Government.

	<p>royalties or other consideration and on such terms and conditions as may be prescribed;</p> <p>(c) transfer custody and administration, in whole or in part, to any other entity, the right, title or interest in any Government owned public funded intellectual property under section 5;</p> <p>(d) give directions for prohibiting or restricting the publication of information with respect to any public funded intellectual property or communication of such information to any person or entity which it considers prejudicial to the interest of the security of India.</p> <p>Explanation.- For the purposes of this section, the expression “interest of security of India” means any action for the security of India which relates to the use of public funded intellectual property for making a product which-</p> <p>(i) relates to fissionable materials or the materials from which they are derived; or</p> <p>(ii) relates to the traffic in arms, ammunition and implements of war and to such traffic in other goods and materials as is carried on directly or indirectly for the purpose of supplying to a defence establishment; or</p> <p>(iii) is taken in time of war or other emergency in international relations.</p> <p>(e) acquire title to any public funded intellectual property which it considers necessary in the interest of the security of India.</p>	
	<p>19. No suit or other legal proceeding shall lie against any person in respect of anything which is in good faith done or intended to be done in pursuance of this Act.</p>	<p>Protection of action taken in good faith</p>
	<p>20. Where a recipient fails to fulfil the conditions of the agreement entered into under section 3 and contravenes any of the provisions of sections 3,4, 5, 6, 7, 8, 10, 11, 12, 14 and 15 the Government shall,-</p>	<p>Stoppage of grant and recovery of grant released</p>

	<p>(a) recover the amount of grant already released with interest at the rate of ten per cent per annum thereon in such manner as may be prescribed; and</p> <p>(b) bar such recipient for future grants for those purposes which were subjects of initial funding agreement.</p>	
	<p>21. Whoever, being creator of intellectual property, fails to discharge his duties under section 9 shall,-</p> <p>(a) not be given his share of income or royalty; and</p> <p>(b) be punishable with fine which may extend to twenty five per cent of the amount of grant received by the recipient for research and development.</p>	Penalties for failure to discharge the duties of intellectual property creator
	<p>22. Whoever being recipient, contravenes the provisions of sections 3, 4, 5, 6, 7, 8, 10, 11, 12, 14 and 15 shall be punishable with fine which may extend to fifty percent of the amount of the grant received by him for research and development under section 3.</p>	Penalty for failure to discharge the duties of recipient
	<p>23. (1) If any difficulty arises in giving effect to the provisions of this Act, the Government may, by order, not inconsistent with the provisions of this Act, remove the difficulty:</p> <p>Provided that no such order shall be made after the expiry of a period of two years from the commencement of this Act.</p> <p>(2) Every order made under this Clause shall be laid, as soon as may be, after it is made, before each House of Parliament.</p>	Power to remove difficulties
	<p>24. (1) The Government may, by notification in the Official Gazette, make rules to carry out the provisions of this Act.</p> <p>(2) without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:-</p> <p>(a) the form and manner in which agreement shall be entered into under sub-section (2) of section 3;</p> <p>(b) the conditions under clause (d) of sub-section</p>	Power to make rules.

	<p>(3) of section 3;</p> <p>(c) form and manner in which the disclosure shall be made under section 4;</p> <p>(d) form in which the recipient shall intimate his intention <b>and the limits of time extended</b> under sub-section (1) of section 5;</p> <p>(e)The time for the Government authorities to mutually agree to share costs and responsibilities under sub-section (4) of section 5</p> <p>(f) information under clause (c) of section 7;</p> <p>(g) form in which the annual statement of accounts shall be made under sub-section (1) of section 14;</p> <p>(h) the time at which the accounts together with the audit report shall be forwarded to Government under sub-section (4) of section 14;</p> <p>(i) the form and time in which the annual report shall be prepared under section 15;</p> <p>(j) the terms and conditions for grant of licenses under clause (b) of section 18;</p> <p>(k) the manner of recovery of grant under section 20.</p> <p>(3) Every rule made under this Act shall be laid, as soon as, may be after it is made, before each House of Parliament while it is in session for a total period of thirty days which may be comprised in one session or in two successive sessions, and if, before the expiry of the session in which it is so laid or the session immediately following, both Houses agree in making any modification in the rule or both Houses agree that the rule should not be made, that rule shall, thereafter have effect only in such modified form or be or no effect, as the case may be; so however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.</p>	
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