



Technology licensing and commercialization

An example from Republic of Korea

Seoul National University (SNU) and the SNU R&DB Foundation, Republic of Korea

<http://snurnd.snu.ac.kr>

Technology licensing procedure

Signing memorandum of agreement

- Define the general procedures of technology transfer.
- Generally signed during the first meeting of the university (or researcher) and the corporation (especially when agreeing on a technology transfer with foreign corporations), agreements with national corporations normally start with the next step which is the confidentiality agreement.
- There are no legal implications and items such as the definition of technology to be transferred, the method of technology testing, the general technology transfer terms, the compensation method in case technology transfer does not occur after technology testing, and confidentiality are stipulated in the Memorandum of Agreement.

Signing of confidentiality agreement

- Since technology is an intangible asset, unlike tangible goods, once the contents have been disclosed, they cannot be returned.
- A confidentiality agreement must be signed before disclosing know-how or experiment material to a corporation that has not been previously disclosed in dissertations or patents, etc.

Technology testing

The corporation tests the technology owned by the university to assess validity.

Negotiation of agreement terms

- Type of implementation rights (full transfer, exclusive, and general), agreement period, and negotiation of price of technology.
- The researcher must inform the PIC of the Intellectual Property Rights Headquarter of the research expense, difficulty of technology development, expected price of technology, etc., and the actual negotiation shall take place between the corporation and the Intellectual Property Rights Headquarter.
- In case, the technology to be transferred is a result of a government project, and the rules of the project already include terms for technology licensing, these terms must be checked beforehand.
- Although corporations generally prefer to negotiate directly with the researcher, the researcher may be subject to disadvantageous terms; therefore, it is strongly recommended that

the researcher only explain the technology to the corporation and allow the university to negotiate with the corporation on his/her behalf.

Agreement signing

- National University currently has a standard technology licensing agreement format.
- Since technology transfer entails monetary compensation by the corporation and requires terms such as warrantee in case of default and guarantee of commercial value, etc., which are not covered by academic research, the university provides standards for such items via the standard technology licensing agreement.

Distribution of royalty revenue

Inventor compensation

In case of technology fee income due to a technology licensing contract arises, a significant amount of the technology fee is allocated to the inventor in accordance with the government project regulations and the *Seoul National University Intellectual Property Management Regulations*.

Distribution method of royalty revenue

- Government ministries such as the Ministry of Education, Science and Technology, and the Ministry of Knowledge Economy provide regulations for terms of technology transfer, royalty allocation, etc., for each project, and although the exact amount differs, in general, more than 50% of the total amount must be allocated to the inventor, and the rest of the amount is to be allocated by the university as technology transfer fees (incentives) or for university funds, and in some cases part of the amount is to be reinvested in research activities.
- Example: In case of a project by the Ministry of Knowledge Economy, in case the recently revised regulations are applied, 50% is for the inventor, 10% is for incentives for technology transfer, 28% is for research expenses, and 12% is allocated to the university.
- In case of a project in which the allocation ratio has not been specified, 50% will be allocated to the inventor first, and the patent application fees and technology transfer incentives funded by the university will be deducted from the remaining amount, of which 2/5 will be additionally allocated to the inventor (for use as research funds), and 3/5 will be allocated to the university, in accordance with the Seoul National University Intellectual Property Management Regulations and guidelines



IP penalties soar significantly as laws revised

IPR in China, China

<http://www.chinaipr.gov.cn>

China's State Council (the Cabinet) recently promulgated four pieces of revised legislations regarding intellectual property (IP) protection, that is, the Regulation on the Implementation of the Copyright Law of the People's Republic of China, the Regulation on the Protection of the Right to Network Dissemination of Information, the Regulation on the Protection of Computer Software, and the Regulation of the People's Republic of China on Protection of New Varieties of Plants.

"There are two significant changes regarding the amount of fines," introduced by Tang Guangliang, secretary general of the IP Center of China Academy of Social Sciences, when interviewed by *Legal Daily*. "One is related to the fines imposed on illegal business proceeds, which is to be increased from an amount discretionarily decided based on actual sales income to a unified stipulation of one to five times of the said unlawful gains, and the other is about the upper limit of threshold penalties, which is to be raised from the original 50 or 100 thousand yuan to 200 or 250 thousand yuan."

100 thousand yuan not enough to deter infringement

The primary changes to the four regulations are all related to adjustment of administrative fines.

According to Feng Xiaoqing, director of a research center on intangible assets management under China University of Political Science and Law, the above changes are in line with and also reflection of the strengthened IP protection and law enforcement in China.

This was echoed by Tang, who believes "administrative fines have been proved effective as a means to protect intellectual property since 1980s, but the original upper limit of 100 thousand yuan is now far from enough to deter violations, especially as the economy and payment ability enormously grows."

Actually, as early as on November 13, 2011, the State Council had already required in its Opinions on Further Cracking Down upon the Infringement of Intellectual Properties and Manufacturing and Selling of Fake and Shoddy Products to revise relevant laws and regulations to reinforce penalties.

Increased penalties seen in three revised IP regulations

In fact, China has attempted for several times to reinforce administrative enforcement against IP violations such as the ongoing revision of the current Copyright Law, the third amendment to the Trademark Law, and the fourth amendment to the Patent Law.

In its latest attempt, Article 75 of the newly revised draft of the Copyright Law clearly stipulates that copyright offenders shall be

imposed on a fine equal to one to five times of their illegal sales when the revenue exceeds 50 thousand yuan, while a fine of not more than 250 thousand yuan shall be imposed on those who have no illegal business revenue, or whose revenue are difficult to calculated or lower than 50 thousand yuan.

Similar provisions can also be seen in the revised Trademark Law and Patent Law. "Besides, these amended IP laws have all introduced punitive damages, which represents a trend that IP enforcement and protection are gradually reinforced as China continues to improve its IP regime," said Feng.

In the proposed Copyright Law submitted for review by the National Copyright Administration to the State Council, double and treble damages were introduced, said Tang, adding that the proposed changes to the administrative fines in the Implementation Regulation of this law were also incorporated in the submission.

Irreversible increase of the cost of IP violations

"The administrative fines were not significantly increased this time, and therefore would be quite limited in restricting the more easily and commonly seen IP violations, especially when compared with billions of dollars of fines imposed in Europe and the U.S.," Tang Guangliang expressed his concerns after fully recognizing the positive aspect of the amendment. "But this progress, although limited, still takes years of efforts of all stakeholders, which reveals from another perspective that how hard it actually is to promote IP protection in China." Tang estimated that "as the market economy becomes further mature, an irreversible momentum will definitely be seen towards a strong and deterrent IP system."

However, it shall also be worth noticing that specific conditions must be treated on the merit of each case despite the overall trend toward strengthening penalties, Feng warned, citing his opposition to one change in the Regulation on the Protection of the Right to Network Dissemination of Information, which increased the penalties for providing infringing materials to rural areas.

"Although we cannot take helping rural areas as an excuse to infringe copyright, yet the support is definitely out of good will and may not deserve heavy penalties."

He also mentioned some problems on IP enforcement emerged in parallel with the huge progress the country has made in this regard such as abuse of power and dereliction of duty; some enforcement officials even regard administrative fines as a means to make money.

"These problems are not prevailing, but are baneful and extremely harmful. Therefore, restrictions and limitations shall also be placed on administrative authorities to make sure their power are properly used," said Feng.