

No. P-24014/65/2018-IPR-II
Government of India
Ministry of Commerce and Industry
Department for Promotion of Industry and Internal Trade
IPR (Negotiation and Cooperation) Section

Udyog Bhawan, New Delhi.
Dated 30th September, 2019.


OFFICE MEMORANDUM

Subject: Guiding Principles for framing clauses/paras related to protection and management of Intellectual Property in MoUs/MoCs/Agreements etc.

As per the Government of India (Allocation of Business) Rules, 1961, Department for Promotion of Industry and Internal Trade (DPIIT) is the nodal department for Intellectual Property Rights (IPRs) related matters in the country. In this capacity, DPIIT has been receiving a number of Memorandum of Understanding (MoU) from different Ministries/ Departments for vetting from IPR angle, this number has been on the rise successively.

2. With a view to streamline and ensure uniformity in the IPR clauses in MoUs, a template on model clauses was prepared and circulated to all Ministries/Departments vide OM No. 10/6/2013-IPR-II dated 17.02.2015.
3. These MoUs are executed with organizations across the world. Thus, while an attempt is made by all Departments to include relevant provisions on IPRs in such MoUs, it may not be practical to adhere to certain fixed language only. With experience, it has also been observed that certain MoUs may not require very detailed provisions on IPRs. Against this background, "Guiding Principles" (copy enclosed) with regards to inclusion of clauses on IPRs in various MoUs/ MoCs/ Agreements etc. have been prepared for the convenience of various Ministries/ Departments and other organizations. These principles have been drafted with a view to give flexibility to the concerned organization for incorporating IPR related clauses, as appropriate, in their MoUs.
4. These Guiding Principles supersede the earlier template issued vide OM dated 17.02.2015.
5. Ministries/ Departments are also requested to ensure that the provisions of the Government of India (Transaction of Business) Rules, 1961 are complied with.
6. This issues with the approval of Secretary, Department for Promotion of Industry and Internal Trade.

Encl: Guiding Principles


(Pooja Swaroop)
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To,

All Ministries and Departments (as per standard distribution list).

409477/2022/IPR-II

Copy for information to:-

1. Director, Cabinet Secretariat, Rashtrapati Bhawan, New Delhi w.r.t. their OM No. 272/2/2012-CAV (Vol. V) dated 20th November, 2014.
2. JS (Coordination), Ministry of External Affairs, South Block, New Delhi.

VETTING OF MoUs FROM IPR ANGLE

GUIDING PRINCIPLES

As per the Government of India (Allocation of Business) Rules, 1961, Department for Promotion of Industry and Internal Trade (DPIIT) is the nodal department for Intellectual Property Rights in the country. India has a Trade Related Aspects of Intellectual Property Rights (TRIPS) compliant, robust, equitable and dynamic IPR regime. TRIPS Agreement has allowed policy space to countries to evolve a regime that best suits its condition. India is also party to Doha Declaration on the TRIPS Agreement and Public Health which clarifies that TRIPS agreement does not and should not prevent members from taking measures to protect public health.

Being nodal Department for IPR related matters, DPIIT has been receiving a number of MOUs from different Ministries/Departments for vetting from IPR angle; this number has been on the rise successively. In order to accommodate the growing number of MoUs received in the Department, these guiding principles have been drafted to assist different Departments and organizations frame the MOUs/Agreements. Further, they have been prepared in consonance with the objectives enshrined in the National IPR Policy, which was adopted in May, 2016. The guiding principles incorporate best practices that have evolved from the experience gained through vetting of MOUs/ Agreements etc. **The Ministries/ Departments are requested to adapt the language suitably as per their requirement.**

The Guiding Principles have been arranged in the following sub-sections for clarity:

A. Protection of IPRs

B. Research and Development

C. Confidentiality/ Information sharing

D. Publication and use of name, logo and official emblem

E. Commercialization

F. Definition of 'Intellectual Property':

G. Exclusion of IP from provisions related to Settlement of Disputes

H. Interpretation

At the end, "Timelines and Procedure" has been provided.

A. Protection of IPRs

(i) In case the MoU/Agreement is proposed to be entered into between an Indian party and a foreign party, then the following formulation should be used:

Each Party will ensure appropriate protection of Intellectual Property Rights generated from cooperation pursuant to MoU, consistent with their respective laws, rules and regulations and multilateral agreements to which countries of both Parties are party to.

(ii) In case both the Parties to the MoU are Indian entities, then use of the following clause is suggested:

"Each Party will ensure appropriate protection of Intellectual Property Rights generated from cooperation pursuant to MoU, consistent with the respective laws, rules and regulations of India"

B) Research and Development

(i) In case the cooperation activities proposed to be carried out under the MoU are likely to result in generation of IPRs, the following clauses regarding joint research and ownership may be used:

- a. In case research is carried out solely and separately by the Party or the research results are obtained through the sole and separate effort of the Party, the Party concerned alone will apply for grant of IPR and once granted, the IPR will be solely owned by the concerned Party.
- b. In case of research results obtained through joint activities, the grant of intellectual property rights will be sought by both the parties jointly and once granted, these rights will be jointly owned by the parties. However, the apportionment of such rights may be decided mutually by Parties through a separate written agreement.
- c. The Parties shall not assign any rights and obligations arising out of the IPRs generated from inventions/activities carried out under the MoU to any third Party, without *prior written* consent of the other Party.

ii) In case the cooperative activities proposed to be carried out under the MoU are not likely to result in generation of IPRs or in case the parties would likely to decide the aspects relating to ownership, management and commercialization of IPRs in future, the following clause reflecting the same should be used:

Should the activities under the MoU give rise to intellectual property (IP), the Parties shall enter into separate agreement that will specifically provide for ownership, management and commercialization of such rights to such IP in line with rules and regulations of each Party and other multilateral

agreements to which the countries of both Parties are party to.

However, such separate agreements, when entered into on IPR related issues, should be referred to DIPP for vetting from IPR angle.

C. Confidentiality/ Information sharing

C(i) Scope of Confidential Information

Any of the three options may be exercised w.r.t. "scope of confidential information":

OPTION 1:

The Parties will freely exchange information within the framework of this MoU, with the exception of such cases where the national legislation of the Party providing such information, has set restrictions on its use or disclosure.

Or

OPTION 2:

All information and documents exchanged pursuant to the MoU/ MoC/ Agreement will be kept confidential by the Parties and will be used subject to such terms as each Party may specify. The Parties will not use the information for purposes other than that specified without the prior written approval of the other Party.

Or

OPTION 3:

In case the information shared by a Party is confidential, the other Party shall be informed about such nature of the information in writing. In the absence of any such communication, Parties shall not be bound to treat the information shared under this MoU as confidential.

C(ii) The information that may not be considered as Confidential:

The Parties to the MoU may consider adding the following clauses for sake of clarity: Notwithstanding the preceding paragraphs, any information which falls within one of the following shall not be Confidential Information:

(i) Information that had been already in the public domain when obtained from the other Party, or information that has come into the public domain after being obtained from the other party due to reason not attributable to the receiving party.

(ii) Information obtained from a third party without bearing confidentiality obligations.

(iii) Information that was in the receiving Party's possession or was already known by receiving Party, at the time of disclosure.

(iv) Information that was developed independently and not from information obtained from the other Party, and which can be proved in writing.

(v) Information the disclosure of which is obligatory under the laws or court orders.

C(iii) Information Sharing:

The Parties may choose any following provisions regarding “information sharing”, depending upon requirements and applicability/suitability in a given situation:

- i. Under no circumstances, restricted or confidential information will be transferred by either Party to a third party, without prior written consent of the other Party.
- ii. The information resulting from the activities from implementation of the Agreement/MoU, will be published or divulged to third Parties, only with prior written consent by the other Party.
- iii. All confidential information shall remain the exclusive property of the providing/ disclosing Party. Disclosure of the confidential information shall not be construed as license, interest or right to the recipient in respect to any Intellectual Property Right of the other Party.
- iv. Unpublished information, whether oral, in writing or otherwise, discovered or conceived by the scientists or researchers or technicians and exchanged under the provisions of this MoU will not be transmitted to a third party, unless otherwise agreed by the Parties in writing.

D. Publication and use of name, logo and official emblem

The following suggested text may be used to cover aspects related to publication:

- a. Any publication, document and/or paper arising out of joint work conducted by the Participants pursuant to this MoU will be jointly owned. The use of name, logo and/ or official emblem of the participants on any publication, document and/or paper will require prior permission of both participants. It may however, be ensured that the official emblem and logo is not misused.
- b. All Publication should be done with the mutual consent of the Parties into research and the consent should be obtained in writing.
- c. If a Party intends to publish material relating to research, it must notify the other Party in writing of its intention to publish, through a prior notice allowing the other Party to respond within a certain period say(30/60 days), accompanied by a draft of the proposed publication or public disclosure.
- d. On receipt of the notice, the other Party will within the Notice period, convey its views/ decisions on the following:

- i. to allow publication; or
- ii. request for delay in publication (till patents are filed); or
- iii. to allow publication of only part of information; or
- iv. to exclude certain portions from the information being published.

E. Commercialization

One of the suggested texts to cover aspects related to commercialization of IPRs is as under:

In case of research results obtained through joint activities under this MoU, both Parties will apply as co-applicants for the protection of intellectual property rights subject to exclusive rights of both the Parties to commercialize the technology in their respective countries. Commercialization in any other country shall be done jointly through a separate agreement.

The Ministry/ Department may take a considered view regarding apportioning of IPR rights for commercialization to any one single Party or on the basis of joint ownership.

F) Definition of 'Intellectual Property':

(i) In cases where the MoU, MoC, Agreement, BITs etc. provide for definitions of Intellectual Property or 'intellectual property rights' as an asset under Investment, keeping in view that all domestic legislation on IPR are TRIPS compliant, following definition should be used:

"For the purpose of this Agreement/ Memorandum of Understanding/ Memorandum of Cooperation, the term 'Intellectual Property' shall, as provided in Article 1 of TRIPS Agreement, refer to all categories of intellectual property that are the subject of Sections 1 through 7 of Part-II of the TRIPS Agreement."

G) Exclusion of IP from provisions related to Settlement of Disputes

In case the Agreement/MoU includes provisions related to "Settlement of Disputes", it is requested to carve out/ make an exception (at an appropriate place in the Agreement) for exclusion of intellectual property disputes from the provisions of "Settlement of Disputes", especially between an Investor and a Party. The Intellectual Property Rights regime in India is circumscribed by the legislations that govern each of these specific rights. Accordingly, in case of infringement/ violation of IP rights the remedies as provided for in the respective domestic laws for each IP may be availed by the Parties to the Agreement.

Also, it is advised against a carve out from dispute settlement mechanism for only compulsory license. Intellectual Property per se should be excluded from the ambit of provisions under “Settlement of Disputes”, and not just provisions of compulsory licensing.

It is further emphasized that rather than having the above mentioned provisions in the MoU, **it is advised that in the event of any difference or dispute between the Parties, arising out of implementation of such agreements, the same should be resolved amicably through mutual consultation or proper diplomatic channels. The Parties are advised not to resort to arbitration to resolve such disputes or differences.**

H. Interpretation (NON-MANDATORY – in case the Memorandum is proposed to be signed in multiple languages)

In order to avoid any ambiguity arising out of interpretation of the MOU in different languages, it is suggested that English version of the text of the MOU (as both Parties may not be comfortable in Hindi) may be indicated as prevailing over other versions. Accordingly, the following text is suggested:

“In case of divergence in interpretation, the English text shall prevail.”

Timelines and Procedure

1. MOUs containing provisions related to IPRs should be referred to DPIIT for vetting.
2. It shall be the endeavour to vet the MOUs from IPR angle and revert with comments within a period of 15 working days; in the case of Cabinet Notes, a period of 15 days is to be provided.
3. Cases for re-examination: The draft MoU received for vetting may be shared with DPIIT for re-examination, in case the foreign/ other Party does not agree with DPIIT’s proposal. In such cases, following options may be exercised:
 - we may reiterate our earlier stand, or
 - accept the proposed changes, or
 - make further amendments leveraging the flexibilities available in case under reference.

Certain cases have been examined as many as four times in order to accommodate the views of the Indian and the foreign Parties. DVCs and meetings have also been held between DPIIT and the Ministry/ organization that is a Party to the said MoU, as also with the other Party, to resolve outstanding issues on IPRs.

CAVEAT

Provisions of the Government of India (Transaction of Business) Rules, 1961 may be adhered to by the administrative ministry/ department and concurrence should be sought from all such other nodal ministries/ departments as may be required to be consulted.