



MINISTRY
OF ECONOMIC DEVELOPMENT
AND TRADE OF UKRAINE

Managing Intellectual Property Assets in the Governmental Sector



Governmental Sector

- State Authorities (ministries, state services, administrations etc.) and state organizations and enterprises under the management of the relevant state authority

- Higher Education Institutions (universities, institutes, scientific and research institutions etc.)

- National Academy of Science of Ukraine (branches academies)



Laws of Ukraine:

- Civil Code of Ukraine (Chapter IV)
- On Copyright and Related Rights and Industrial property (copyright and related rights, inventions, utility models, industrial designs, trademarks, GIs, topographies of integral circuits, etc.);
- On Scientific and Technical Information
- On Scientific and Technical Activity
- On Innovation Activity
- On Scientific Parks
- On State Regulation of the Activity on Technology Transfer
- On Higher Education

WIPO supported projects:

- Elaboration of the IP Policy for universities and R&D institutions
- Elaboration of the National IP Strategy



By-Laws of Ukraine:

- On Order of Research and Development Activity at the cost of state budget
- On Disposal of Costs received in the result of transfer of technologies created at the costs of state budget
- On Registration of Technologies and Their Components created or purchased at the cost of state budget or created or purchased by the state-owned enterprises



Legislation provisions

- According to **Civil Code of Ukraine** (Article 429) the personal non-economic IP rights to the object created in the process of executing labor contract belong to the employee who created the object. The economic IP rights to the objects belong **jointly** to employee, who created the object and to employer, unless otherwise envisaged by the agreement.
- According to Article 430 of the **Civil Code** the economic IP rights to the object made by order belong **jointly** to the creator and orderer unless otherwise envisaged by agreement.



Legislation provisions

- According to **Law of Ukraine On Inventions** the employee invention is the invention made in the process of executing employee's tasks and duties by using experience, knowledge, manufacturing secrets and materials of the employer. The right to obtain patent to the invention belongs to the employer. He should file an application within 4 month period from the date of receiving the notification from the employee.
- The employer has to conclude the agreement with employee indicating the amount of remuneration and the terms of payment. If within mentioned time period the employer fails to meet above requirements the right to obtain patent belongs to the employee. In this case the employer has a priority right to be granted a license.



Legislation provisions

- According to **Law of Ukraine On Copyright and Related Rights** the employee work is a work created in the process of executing employee's duties in accordance with labor contract.
- The author of employee work has a personal non-economic author's right. And exclusive economic rights to the work belong to the employer unless otherwise provided by the agreement between author and employer.
- The author has a right to remuneration - the amount and term of payment outlined in the agreement.

The following objects can not be considered as copyright objects: official documents issued by state authorities (laws, regulations, decrees, orders, judicial decisions, state standards etc.) and their official translations.



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LAW OF UKRAINE ON CINEMATOGRAPHY

Legislation provisions

➤ According to Article 16 of the **Law of Ukraine On Cinematography** the author's economic rights to the film created at the cost of state budget belong to state in accordance with the agreement concluded with the author of the film.



LAW OF UKRAINE ON SCIENTIFIC AND TECHNICAL ACTIVITY

Article 60

- The state scientific institutions, state universities, academia, institutes are entitled to be the founders and cofounders of enterprises and take part in the formation of foundation capital solely with their proprietary (economic) IP rights. The **exclusive economic IP rights** are held by the state scientific institutions, universities, academia etc.
- Income received in the form of a part of the profit from the activities of the enterprise (dividends), as well as income received from the disposal of shares (stocks) in the foundation capital of the companies, received by the state scientific institution, university, academy, institute, which is fully financed at the cost of state budget, are own income of such scientific institution, a higher education institution and used for performing their statutory tasks and payment of rewards to the creators of IP objects.
- In case of liquidation of the company the intangible assets in the form of IP rights shall not be included to the liquidation assets and returned to the state institutions etc.

LAW OF UKRAINE ON STATE REGULATION OF THE ACTIVITY ON TECHNOLOGY TRANSFER

Article 11

- Proprietary (economic) rights to technology and/or its components created in the course of research and development work financed by state budget funds belong to institutions, organizations and enterprises - performers of these works, except for the cases of state secret. In this case the proprietary rights to the technology belong to the state authorities or National Academy of Science that finance R&D work.
- A person to whom the proprietary rights are fixed or authorized governmental institution and orderers of the technology creation 1) perform actions for acquiring and protecting the rights to technology and/or its components, obtain titles of protection to IP objects – components of the technology; 2) pay remuneration to the authors of technology or IP objects and conclude agreements on technology transfer.
- If the technology components are partly created at the expense of own funds of the enterprises, scientific and higher education institutions and individuals and partly at the expense of state budget, the proprietary rights are distributed on the basis of the agreement on their creation and transfer.



Article 17

- Development and Implementation of the scientific parks projects are performed at the cost of scientific parks and their partners and/or at the cost of state budget.
- The proprietary rights to technologies and IP objects created in the process of implementation of the scientific park projects belong to scientific park and its partners, except for the following case:

the central governmental authority, in the sphere of management of which is a higher education or scientific institution, may restrict, in accordance with the procedure established by law, the proprietary rights to use and dispose of technologies and objects of intellectual property created with the involvement of state budget funds, if the technology and/or object of intellectual property rights:

belong to the sphere of national defense and security

recognized as being used in the public interest

put to the industrial application and implementation (commercialization)

exclusively at the expense of the state budget

In mentioned cases the scientific park has a right to use this technology for its own needs unless otherwise defined by the relevant governmental authority



Article 17

➤ At the same time the scientific park has a month period from the creation of the technology at the cost of state budget to inform the governmental authority on the technology. And the governmental authority has two months for taking decision on restriction of proprietary rights. Development and Implementation of the scientific parks projects are performed at the cost of scientific parks and their partners and/or at the cost of state budget. If during mentioned period the governmental body silent the exclusive proprietary rights belong to the scientific parks without any restrictions.

➤ But in spite of the positive improvements on the issue of distribution of rights to the technology created at the cost of state budget, the Law has a room for improvement:

there is no provision concerning the obligation of the holder of proprietary rights to commercialize the technology

the effect of the Law applies only to scientific parks, but not to other cases of technology creation at the cost of state budget



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EXAMPLE OF EFFICIENT SCIENTIFIC PARK

Scientific Park Kyiv Polytechnika

- Scientific Park Kyiv Polytechnika was created in 2007 in order to launch the production of competitive products: new progressive idea – prototype – patenting of IP objects – manufacturing – introduce to the market (local and foreign as well)
- Main spheres: energy, IT, biotechnology, cyber security, defense technologies etc.
- [Spark.kpi.ua](http://spark.kpi.ua)



STATE OF PLAY IN SCIENCE AND R&D

- In Ukraine at present there are **287** higher education institutions (professors and teaching staff approx. 138 000)
- University science has only budget financing that is not sufficient and as a result in 2016 the university science cost 15 mln.euros for the state budget.
- In 2016 the number of workers engaged in R&D was **97912** (70% - scientific research in applied and technical science, 7,6% - medicine, 7,3% - agriculture, 14,8% - humanitarian)
- The funding for R&D from state budget in 2018 constituted around **\$283 mln.** (0,22% of GDP) not reaching the legislatively declared funding level in 1,7% of GDP.
- The low level of commercialization of IP objects and technologies has influenced the overall inventive environment.
- According to the data provided by the State Statistics Service only **4000** objects of industrial property are used in the economy of Ukraine, including 1800 inventions (about 7% of the total number of patents in force), 2400 utility models (6%), 393 designs (4%)
- Conclusion: the majority of patented objects has not been industrially applied and ceased effect just after their creation and obtaining the titles of protection.



STATE OF PLAY IN SCIENCE AND R&D

- The key issue in relation between state (governmental) authority and state enterprise, university, academy is the ability to transform the inventions or other IP objects into the added-value product – in other words the ability to commercialize them.
- Giving to the higher education and R&D institutions rights to IP resulted in the process of research funded by the state budget and giving the right to receive profit from their being commercialized the governmental authorities will foster innovative and inventive activity and fasten the process of invention transformation into the industrially applicable technology and product.
- Some statistical data on patents obtained in **2018** by the leading Ukrainian universities:

- 1) National University of Bioresources – **334**
- 2) National University of Food Technologies – **319**
- 3) Kyiv Polytechnical Institute – **236**
- 4) Lviv Polytechnical Institute – **91**

With aim to facilitate access to scientific developments and publications, the scientific results of R&D institutions in the form of monographies and other scientific and technical publications as a result of fundamental and applied R&D created at the cost of state budget are to be freely accessible to public.



INVENTORY OF INTANGIBLE ASSETS IN GOVERNMENTAL SECTOR

- Data received from **84** out of **97** budget institutions:
- - **46** declared absence of intangible IP assets
- - **38** declared intangible IP assets on the books

- The total number of IP intangible assets on the books of the budget institutions – **20 819** of the total initial cost - **\$ 29 787 000**
 - The total depreciation of all intangible assets - **\$ 12 900 000**
 - Residual book value – around **\$ 16 700 000**

- Among the intangible assets on the books of the budget institutions (organizations, enterprises, scientific and research, education institutions) are:
 - **16 500** patents: among them: **2343** – inventions, **7594** – utility models, **25** – designs
 - **2593** certificates: among them: **783** – copyright, **176** – trademarks
 - **2972** objects are applied – most of the IP objects applied in the educational process and used in scientific activity

- Concerning the source of funding:
 - **9774** – by the cost of state budget
 - **5790** – own cost of state enterprises, scientific and educational institutions
 - **6** – grant costs
 - **189** – authors costs



INVENTORY OF INTANGIBLE ASSETS IN GOVERNMENTAL SECTOR

Conclusion

- Indicated data gives the current IP intangible assets state of play that are on the books in the budget institutions, sources of funding and mechanism of commercialization.
- The importance of inventory is to determine the effectiveness of IP objects, practical use and innovative attractiveness in order to develop strategy of development of certain vectors of scientific research of universities and take a decision on reasonability / non-reasonability of their protection.
- To find a proper connection between science and industry in order to minimize situation when IP objects (especially inventions) are not able to find a proper industrial application and just left dusting on the shelves because of their low industrial attractiveness.
- There is no one clear legislative definition of distribution of economic IP rights to the object created at the cost of state budget
- Thus, the developer of IP not being sure of owning the economic rights to the IP object is not interested in its commercialization
- And the state has not a proper mechanism to manage and use of thousands of IP objects being created mostly at the cost of state budget
- According to the best practice of other states it should be stated that the right to IP created at the cost of state budget shall belong to the **developer** and the state shall have a right to use it within the scope necessary to perform tasks of the relevant governmental authority and to meet international obligations



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MEASURES TAKEN

Establishment of TISCs network and Fund on Inventions Support

DONE

Technology and
Innovation Support
Centers network

Fund on Inventions
Support



FUND ON INVENTIONS SUPPORT

- Experimental project implemented by the Ministry of Economic Development and Trade of Ukraine and financed at the cost of the fees received from activities related to IPR protection
- Support of inventions, start-ups that belong to the priority spheres of innovation activity prescribed by relevant law
- phases: filing application for support – stimulation (delivery of services) – development (status of winner and arrangement of activity)
- The amount of Fund - **\$3 850 150** (100 000 000 Ukrainian Hryvnas)
- Requirements: novelty, industrial applicability, social or market reasonability, patent protection, the level of invention development, term of commercialization



FUND ON INVENTIONS SUPPORT

PHASES

TWO PHASES

First: services to the total amount of \$20 000 (development of business model, presentation materials, patent application, laboratory tests etc.

Second: estimation of the start-up team, estimation of patent clearance and term of commercialization

Priority directions of selection – IT, energy, hi-technological development of transport system, military and defense, space, environment protection technologies, nanotechnologies, medicine, agriculture etc.



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Thank you for your attention!

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