



## COMPETITIVENESS AND JOBS PROJECT

### Technology Transfer Facility<sup>1</sup>

# GUIDELINES FOR APPLICANTS

Version 1.3

August 17, 2018

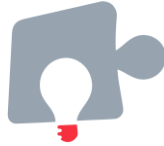
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<sup>1</sup> Establishment of the Technology transfer facility is the Component A of the Serbia Research, Innovation and Technology Transfer Project (SRITTP) financed by the EU, administered by the World Bank and Implemented by the Innovation Fund. Funding of the operations and services of the TTF beyond SRITTP is secured from the Budget of the Republic of Serbia and supported through Competitiveness and Jobs Project (C&J).



## DEFINITIONS

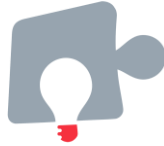
<b>Applicant</b>	R&D institution applying for services under the TTF Program. The Inventor, who may be the employee of the Applicant, is to be designated as the contact person, since he/she is considered to have most knowledge about the proposed technology. In case the Inventor does not have the capacity to act as the contact person, the Applicant will assign this role to someone else. The contact person is responsible for providing the TTF with any information regarding that specific Application, in the format required by the TTF, and will be responsible for implementation on behalf of the Applicant, if the support under TTF Program is awarded.
<b>Application</b>	Application for services properly filled in and signed, as submitted by the Applicant.
<b>Awardee</b>	Eligible Applicant that has been awarded support under the TTF Program.
<b>Agreement on providing Commercialization Support (hereinafter: "Agreement")</b>	Legal Agreement signed between the Awardee, Inventor and the Innovation Fund (as the legal entity responsible for the work of the TTF), which defines rights and obligation related to support being provided under the TTF Program. This Agreement can also define terms of financing in cases where Financial Support is awarded.
<b>Creative works</b>	A creative work is a manifestation of creative effort including fine artwork (sculpture, paintings), writing (literature), filmmaking, and musical composition. <b>Unlike an invention, a creative work is not meant to solve a problem.</b>
<b>Commercialization</b>	Commercialization is the process of developing and introducing a new product, service, technology or production method to the market and it represents collaboration between the Applicant and commercial private sector partners.
<b>License</b>	Commercial license to a third party (e.g. a company) whereby the IF transfers rights obtained from Applicant(s) in the framework of the TTF Program.
<b>Innovation Fund</b>	Legal entity incorporated in accordance with the Law on Innovation Activity, responsible for the operations of the TTF. Also referred to as IF.
<b>Invention</b>	An invention is a unique or novel device, method, composition or process that is proposed to solve a defined problem.
<b>Inventor</b>	Creator of a disclosed invention. Preferably, the Inventor will be engaged in the application to the TTF as a contact point on behalf of the Applicant. Acting in this capacity, the Inventor is responsible for ensuring that all relevant and available documents are uploaded to the appropriate section of the TTF portal, and will be responsible for implementation on behalf of the Applicant, if the support under the TTF Program is awarded.
<b>IPR</b>	Intellectual Property Rights
<b>TTF</b>	Technology Transfer Facility established within the Innovation Fund for the purpose of implementing the TTF Program. Since the TTF is not a legal entity, all legal documents pertaining to its operations will be signed by the responsible person of the Innovation Fund.



<b>Decision Committee</b>	A committee that makes the decision on acceptance of applications for support under the TTF Program.
<b>TTO</b>	University Technology Transfer Office.
<b>TRL</b>	<p>Technology readiness level – method of estimating technology maturity of Critical Technology Elements of a program during the acquisition process. They are determined during a Technology Readiness Assessment that examines program concepts, technology requirements, and demonstrated technology capabilities. TRL are based on a scale from 1 to 9 with 9 being the most mature technology. The use of TRLs enables consistent, uniform discussions of technical maturity across different types of technology. For more information about TRL visit</p> <p><a href="http://www.earto.eu/fileadmin/content/03_Publications/The_TRL_Scale_as_a_R_I_Policy_Tool_-_EARTO_Recommendations_-_Final.pdf">http://www.earto.eu/fileadmin/content/03_Publications/The_TRL_Scale_as_a_R_I_Policy_Tool_-_EARTO_Recommendations_-_Final.pdf</a></p>

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## 1. INTRODUCTION

*Dear Applicants,*

*The purpose of this document is to familiarize potential Applicants with the Innovation Fund's (IF) Technology Transfer Facility (hereinafter: the "TTF") program (TTF Program). Included here are the description of purpose, application procedures, and expected outcomes from an Applicant's viewpoint for the Commercialization and Financing Services Program. Additionally, the webpage and the application portal of the Innovation Fund will contain all necessary application documents and templates to be used in the TTF Program (<https://www.inovacionifond.rs/TTF/>).*

*The TTF was established under the Serbia Research, Innovation and Technology Transfer Project (SRITTP) (Project) which is financed by the European Union, administered by the World Bank and implemented by the Innovation Fund. Further funding for operations and services of the TTF is secured from the Budget of the Republic of Serbia and supported through the Competitiveness and Jobs (C&J) project. The main goal of the TTF is to demonstrate that intellectual property commercialization transactions can be done in Serbia, and to assist the university Technology Transfer Offices (TTO) in brokering such deals, help them build their capacity to independently perform technology transfer transactions and thus contribute to the economy.*

*The purpose of the TTF Program is to demonstrate the effectiveness of the TTF's core service, which is Commercialization Support – the TTF will assist Applicants with commercialization of inventions or creative work based on results of their research carried out at R&D organizations.*

*The TTF Program, the TTF may also provide financial support to assist Applicants in commercialization of inventions or creative work by conducting further proof of commercial readiness activities, such as developing prototypes, proof of concept, protecting IP Rights, etc.*

*As part of the effort to create a comprehensive innovation and R&D support ecosystem in Serbia, the TTF Program is designed to be compatible with the Innovation Fund's existing financing instruments, i.e. Mini and Matching Grants programs and the Collaborative Grant Scheme. Therefore, the TTF staff will also provide Applicants with advice and information pertaining to these alternative sources of IF financing, where and when available.*

*After reading this document, potential Applicants will have become familiar with the required application process for the TTF Program, the evaluation process thereof and mechanisms of assistance offered. All necessary documentation for the TTF Program which must be used and considered by the Applicants is available on the webpage of the Innovation Fund, [www.inovacionifond.rs](http://www.inovacionifond.rs).*

## 2. TTF PROGRAM DESCRIPTION

*This Section provides specific objectives and service lines of the TTF Program.*

The TTF will carry out its operations through the TTF Program. The operations of the TTF are currently funded through EU IPA 2013. These funds are scheduled to last until the official Project end (currently expected in January 2019). Operations of the TTF will, however, be continued beyond the Project end, including in the framework of the Government of Serbia support through the Competitiveness and Jobs (C&J) project.

### 2.1 PROGRAM OBJECTIVES

The primary objectives of the Program are:

- to demonstrate that commercial technology transfer transactions are possible in Serbia and
- increase the capacity of the TTOs to conduct deals.

In order to increase the commercialization potential of academic research, the TTF works closely with Universities in Serbia who established their technology transfer offices (TTOs). However, applications from other Serbian universities and R&D institutions are also welcome.

### 2.2 TYPES OF SERVICES UNDER TTF PROGRAM

The core service that the TTF provides to the Applicants entails Commercialization Support in all aspects and steps of the academic technology transfer process. These steps/activities, hereinafter referred to as Service Lines are presented in Table 1. The TTF Program consists of 11 Service Lines, which will be deployed sequentially, starting at the launch of the TTF Program on March 30, 2016.

**Table 1.** List of Service Lines in the scope of the TTF Program

Technology Transfer Service Lines	
SL1	<b>Eliciting disclosures</b> Defining the invention (a potential solution to a defined problem) and the potential product or service that might be developed.
SL2	<b>Technology and Commercial Readiness screening (Triage)</b> <b>Evaluation of the Application using the external commercialization experts, clarifying what the potential product is, its uses, relevant markets and steps necessary to confirm commercialization readiness.</b>
SL3	<b>Funding the proof of commercial readiness</b> Funding the proof of commercial readiness activities to move the technology closer to the required technology readiness level for commercialization.



<b>SL4</b>	<b>Providing commercialization strategy and tactics</b> Determine which steps to take e.g. license to an existing company; license to a start-up company, creating research collaboration etc.
<b>SL5</b>	<b>Executing the commercialization strategy</b> Executing the commercialization strategy and tactics to find commercialization partners
<b>SL6</b>	<b>Identifying potential commercial partners</b>
<b>SL7</b>	<b>Negotiating and closing transactions</b> Negotiating and closing transactions (contracting) with commercial partners
<b>SL8</b>	<b>Monitoring activities and follow-up of further commercialization commitments</b>
<b>Other Service Lines</b>	
<b>SL9</b>	<b>Service contracts with industrial partners (Innovation vouchers scheme)</b>
<b>SL10</b>	<b>Providing advice for contract research</b>
<b>SL11</b>	<b>Support in Applying for EU and Other Donors Funds</b>

This document provides details of the application procedure up to Service Line 3 – Funding the proof of commercial readiness, at which point the IF makes an Offer Letter, or a contract proposal to the Applicant to support the submitted invention. Service lines that are deployed after SL 3 are dealt with directly with the TTF and include joint work on commercialization of the submitted invention.

In addition to the set of standard technology transfer Service Lines (SL1-SL8), the TTF has deployed other Service Lines (SL9-SL11) to expand its impact and facilitate additional types of contact and cooperation between researchers and commercial partners as the program evolves.

Specifically, the TTF will design and implement an “Innovation Voucher Scheme” (IV Scheme for innovative SMEs. The IVs will consist of up to EUR 10.000 to be granted to SMEs who need services from R&D institutions in Serbia. Innovation vouchers will be granted to SMEs, willing to co-finance part of the R&D service costs, in a competitive process under the conditions to be specified by the TTF, in the Innovation Vouchers Guidelines.

### 2.3 AREA OF INTEREST TO THE TTF

The TTF will consider Applications for potential commercialization covering all areas of science and technology. In addition to “industrial property”, normally protected by patents, trademarks and industrial designs, other innovations, referred to as “creative works” normally protected by copyrights and rights related to copyrights will also be of interest to the TTF. Additional assets of interest include such things known as know-how, research tools, software applications, biological materials databases and other examples of “tangible intellectual property”.

### 2.4 WHO CAN APPLY

The primary focus of the TTF Program are public academic R&D organizations, as well as all other accredited R&D organizations (including the private ones). The IF has signed memoranda of understanding with universities of Belgrade Nis, Novi Sad, Priština, University of defense and the Academy of national security. Applications to the TTF coming from these universities will be dealt with in line with the signed agreements. Staff of the TTOs of those universities and their faculties will be

involved in the activities of the TTF as part of the practical training. Other public academic and other accredited R&D organizations will be considered as direct TTF clients. All Applicants will be serviced through a single access point (TTF portal) available at <https://www.inovacionifond.rs/TTF>.

Besides providing technical support for commercialization to academic R&D institutions the TTF shall provide financial support to selected innovative Applications coming from Serbian **public academic and other accredited** R&D institutions in order to bring the project to a higher commercialization readiness level. The availability of the financial support will depend on the nature of the applications and its specific needs.

## 2.5 EVALUATION CRITERIA

Only submitted Applications that satisfy all following criteria will be recommended for Commercialization Support. If upon initial assessment based on submitted information, a decision is made that the proposed invention is not quite ready for commercialization, the TTF will continue to work with the Applicant in order to improve the proposal to meet requirements for further consideration.

The Applications will be evaluated by using following criteria:

- Level of technology readiness (innovativeness of technology, potential for product or service);
- Information about the relevant competitive landscape;
- Intellectual property issues (novelty and inventiveness of the proposed solution and clarity of the ownership situation);
- Estimations of commercial financial viability and the potential to create value and benefits for product users and commercial partners;
- Estimations of the competitive marketplace and how a potential product based on the Invention might fare;
- The strength of the team members, their credentials and the ability to deliver results.
- Expressed interest of commercial partner

The minimum required TRL for an Application to be acceptable for formal evaluation is TRL 2, however TTF will also discuss TRL 1 Applications in an attempt to help the Applicant to improve his/her Application. Ideally, TTF welcomes inventions with the TRL 4 and higher.

## 2.6 PROTECTION OF THE INVENTION

All Applications submitted to the TTF will be analyzed and in the cases where patent protection is possible and required, a prior art search will be carried out (if not already done) as part of the SL2 – Triage to determine if the invention's subject matter can fulfill the patentability criteria. The report of this search will be shared with the Applicant irrespective of the TTF's decision whether to accept the invention for commercialization or not.





### 3. APPLICATION TO THE TTF PROGRAM

All Applications must be submitted via the TTF Portal by using the Application for services template available at the Innovation Fund web page <http://www.innovationfund.rs/ttf-program/> as well as directly on the TTF Portal (<https://www.inovacionifond.rs/TTF>). The inventor/contact person is required to register on the Portal and submit the necessary documentation to the TTF. The Application for services form is a document that contains following sections:

- A section where the Applicant states kind of support, which is requested. Support can be purely expert type (commercialization support) and it may or may not include financial support for additional goods, services and/or non-consultant services for the purpose of research.
- An Invention Disclosure Form wherein the invention is described in details. It consists of:
  - The invention ownership information
  - A written description
  - A marketing questionnaire
  - A description of any software (if involved)
  - A description of further development funding to improve the commercialization readiness level
  - Short team CVs
- Confidentiality statement signed by the IF, wherein the IF declares to keep the documentation regarding the application content confidential.

The submission of Applications is continuously open. Normally, Applicants will receive the decision on acceptability of their proposals within **30-45 days** upon the submission of the complete Application for Services Form.

Preferably, the Inventor of the proposed technology will be acting as the contact person, and will be responsible for completing the Invention Disclosure Form, as well as for providing other required documents on behalf of the Applicant. The Applicant is required to confirm their familiarity with the intention to disclose the proposed invention, by signing all necessary Application documentation.

A schematic of the TTF Commercialization Services Workflow is shown in Figure 1. Its purpose is to provide a pictorial overview of the process and estimated timelines.

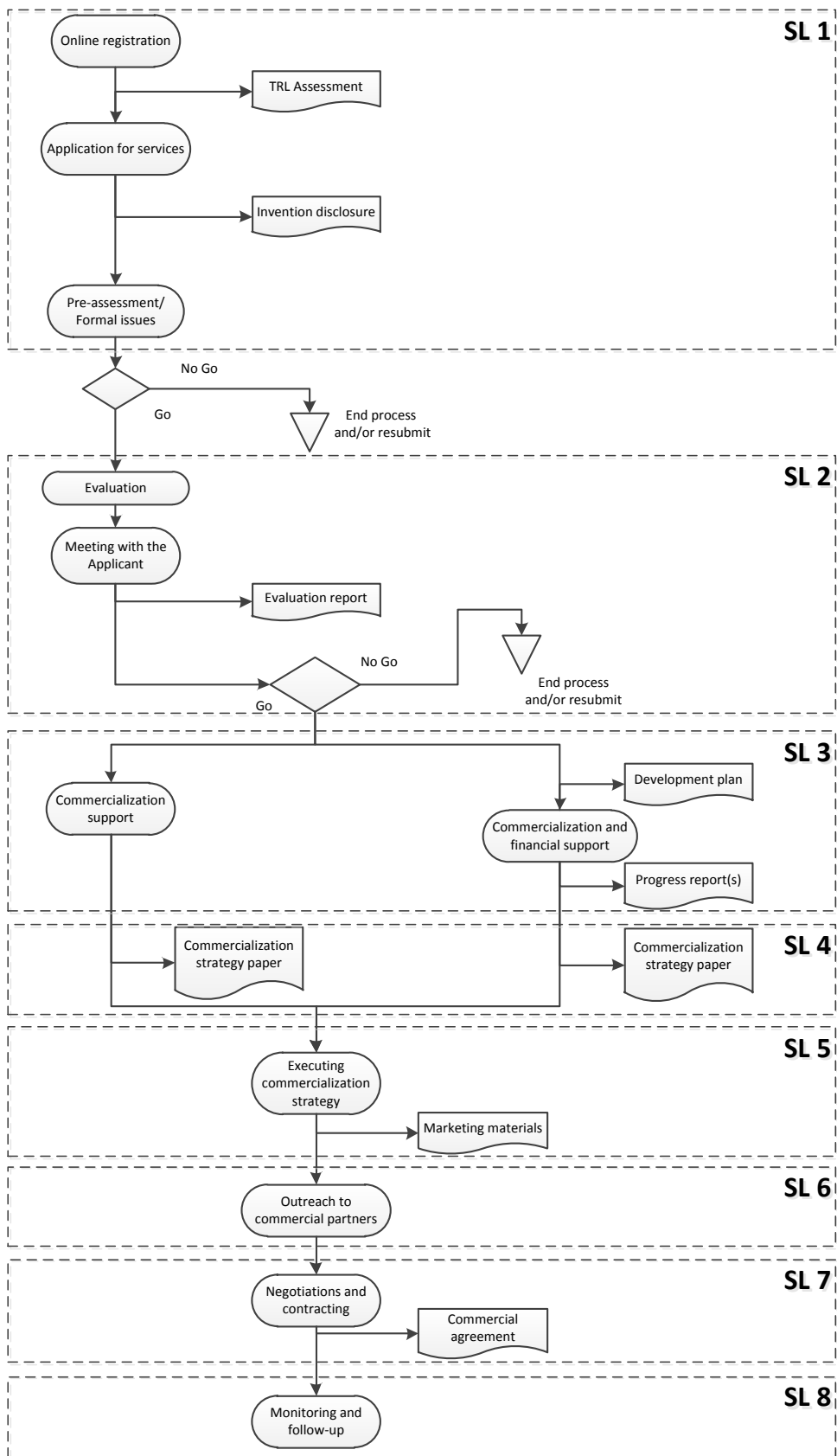
#### 3.1 SL1 – ELICITING DISCLOSURES

In order for an Application to be considered complete, the Applicant is required to submit all requested forms.

Writing an effective invention disclosure is one of the most important steps. A well-drafted, comprehensive disclosure will facilitate effective evaluation of the invention and could provide enormous benefits in subsequent patent prosecution. It is always the inventor who knows the most about the invention. However, to draft an effective disclosure, help from an experienced professional is always needed. Applicants are therefore recommended to use help from either their local TTOs, or the TTF.

The Applicant may have to provide additional documentation so that the TTF staff could better understand the important aspects of the invention and its commercial use. In such case this will be requested by the TTF during the pre-assessment phase.

Figure 1. Workflow of the TTF program



### 3.1.1. REGISTRATION AND APPLICATION SUBMISSION

The first step towards Application submission is to complete the registration process on the TTF Portal at <https://www.inovacionifond.rs/TTF>. Once a registration request has been made by the Applicant, it needs to be approved by the TTF staff who will respond to all registration requests within the period of two working days and confirm all eligible registration requests by e-mail. In case you do not receive your confirmation e-mail within this period, please contact the TTF at [ttf@inovacionifond.rs](mailto:ttf@inovacionifond.rs).

Upon successful registration, the Applicant is able to create a new account with designated slots for uploading all necessary Application documentation.

Before submitting the Application, the Applicant must conduct a Technology Readiness Level (TRL) self-assessment on the TTF Portal in order to determine the estimated current level of development of the proposed technology.

### 3.1.2. PRE-ASSESSMENT OF SUBMITTED APPLICATIONS

After an Application has been submitted, the documentation is checked by the TTF and the relevant TTO for completeness and to check whether there are any outstanding issues to be resolved. In addition to checking the completeness of an Application, also, a preliminary patent search may be carried out by the TTF to check for potential issues such as prior publication of the submitted research results or the existence of obvious blocking patents.

The Applicant may be interviewed to clarify any outstanding issues in his Application and provide missing information.

Applicants whose Applications do not pass the Pre-assessment stage will be informed about the reasons for non-acceptance in written form. These Applicants will also be advised about options to improve the Application and meet the requirements for further consideration.

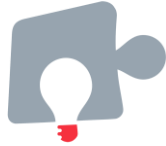
## 3.2 SL2 – PERFORMING TECHNOLOGY AND COMMERCIAL READINESS SCREENING (TRIAGE)

In-depth evaluation of Applications is carried out by the TTF Decision Committee and may include engaging independent external Commercialization Experts. Whenever financial support is sought, advice from external Commercialization Experts will be required.

Evaluation of the Applications is based on the evaluation criteria defined in Section 2.5. As part of the evaluation at least one meeting with the Applicant(s) will take place, where the Applicant will have an opportunity to present the invention and provide any missing information.

Evaluation will result in a written report (Triage report), comprising the analysis of the proposed invention, recommendation for further development along with the decision to support the Application or not. The Triage report will be shared with the Applicant and the Applicant's corresponding TTO.

The final decision on whether to approve an Application for Commercialization Support is made by the TTF Decision Committee. The TTF may, at its own discretion, award Financial Support to the Applicant in order to improve commercialization readiness and attractiveness to potential commercial partners or investors. For those inventions that are selected for commercialization, patent applications appropriate to the commercialization strategy will be considered and filed in a timely



manner, paid from the financial support grant.

In case the TTF Decision Committee makes a negative decision, the Applicant will be informed about this decision and receive feedback which might be used to improve the Application and potentially resubmit it to the TTF for reevaluation in the future. Applicants are allowed to resubmit an improved Application once.

### 3.3 SL3 – FUNDING THE PROOF OF COMMERCIAL READINESS

In the case of a positive decision of the Decision Committee to provide Financial support in addition to the Commercialization support, the Awardee is invited to prepare a project Development Plan for the Decision Committee. For that purpose, a specific meeting can be organized where the TTF staff and the representative of the TTO review the awarded project, and all related project documentation. The project Development plan is a short proposal that outlines the need for Financial support and contains a provisional budget. The Development Plan should elaborate on all aspects described in the Invention Disclosure. The maximum duration of the development work should not exceed 6 months, unless otherwise agreed with TTF in advance. Following the agreement on the Development Plan which has been reduced to a written Proposal, the TTF sends an Offer Letter, which is a basis for a Commercialization support contract. The contract is signed between the IF and the Awardee.

After the TTF Decision Committee accepts to undertake the commercialization of the Application, and award the application, TTF will send an Offer Letter to the Awardee, with proposal to conclude the Commercialization support contract with the IF.

Upon acceptance of the Offer Letter by the Awardee, Commercialization support contract is concluded between the IF and the Awardee and if applicable with the consent of the Inventor(s) and their University. The contract specifies the details of the support the TTF provides to the Applicant, while the Applicant grants adequate authorization to the TTF to attempt to commercialize the technology specified in the Application. Inventors named in the Invention Disclosure Form are requested to consent the documents signed between the Applicant and the IF.

**No commitments will be made by the TTF before the ownership issues with regards to any IP in question are consolidated and any significant issues are resolved.**

#### 3.3.1 AWARDING FINANCIAL SUPPORT

In the case of a positive decision to provide Commercialization Support services, the TTF Decision Committee will award financial support to the Applicant, aiming to improve its commercial readiness. The Awardee is then invited to submit a Development Plan containing a brief description of the development milestones, together with the budget proposal. The maximum duration of the TTF-funded development work **in principle shouldn't exceed 6 months, unless the commercial partner co-finances the development work in which case the maximum duration is one year**. The average envisioned amount for the financial support is estimated to be approximately EUR 10,000 per Application, and may not exceed EUR 50.000. This amount can be higher if the Applicant can identify, as part of the Application that a commercial partner is in principle willing to enter in a commercialization deal. For amounts above EUR 20.000, an interest of the commercial partner to enter in the commercialization deal can be expressed through the commitment to co-finance at least 30% of the total budget of the part of the development work of the Applicant, or a contract to acquire the technology. In these cases the TTF's Decision Committee may approve financial support up to EUR

50.000. The details of the financial support and the total budget will be proposed by the Applicant in the Application and later on, if justified, approved by the TTF's Decision Committee.

Should the budget in the Development plan be above EUR 20.000 the Applicant will have to provide written expression of interest by the commercial partner to finance at least 30% of the development work specified in the Development plan. The expression of interest by the commercial partner will be sufficient for the evaluation of the Application. For Applications awarded by the Decision Committee, signing the Commercialization support agreement will take place once a collaborative R&D agreement between the commercial partner and the Applicant is concluded and presented to the IF, wherein a commercial partner commits to co-finance at least 30% of the development budget.

The purpose of the Financial Support is to move the technology closer to being of interest to potential industry clients. Such financing may be used to prepare and submit patent applications, as well as for testing, creation of prototypes, etc. Costs of specialist consultants to provide expertise for various commercialization steps are allowed.

The TTF shall assume all ongoing costs related to the commercialization and specified in the Development Plan. A separate contract will be signed with the Applicant through which the kind of support will be defined. Terms and conditions related to the financing conditions, procurement procedures, eligible expenses and other grant-related information are provided in Annex 2.

### **3.4. COMMERCIALIZATION**

In parallel with the use of funds by the Awardee, the TTF will prepare a commercialization strategy in cooperation with the Awardee and if applicable its TTO, and ensure its implementation. In cases where needed, the TTF will engage Commercialization Experts to help with the implementation of the adopted strategy.

In case the Awardee becomes engaged with the commercial partner in a relationship that is likely to result in a commercialization deal, the TTF's Decision Committee may approve necessary financial support up to EUR 50.000. In cases where additional financial support is required in the phase of negotiating and closing transaction, the TTF's Decision Committee may approve an additional, second stage grant. The total amount of grants that TTF may approve per Application cannot exceed EUR 50.000, and can only be approved if the commercial partner agrees to co-finance at least 30% of the total budget of the 2<sup>nd</sup> stage grant.



## ANNEX 1 – ABOUT ACADEMIC TECHNOLOGY TRANSFER

*This Section provides a basic understanding of what academic technology transfer is as practiced outside Serbia and may serve as useful background for this document.*

Technology transfer is a term used to describe a formal transfer of rights to use and commercialize new discoveries and inventions resulting from scientific research to another party. R&D organizations typically transfer technology through protecting (using patents and copyrights) and then licensing new inventions. The major steps in this process include: disclosure of inventions, patenting the invention concurrent with publication of scientific research and licensing the rights to these inventions to the industry for commercial development.

## **What is an Invention?**

An invention is a unique or novel device, method, composition or process that is proposed to solve a defined problem. Some inventions can be patented. A patent legally protects the intellectual property rights of the inventor and legally recognizes that a claimed invention is actually an invention. The rules and requirements for patenting an invention vary from country to country, and the process of obtaining a patent can often be expensive.

## **Why Get Engaged in the Technology Transfer Process?**

When an invention is disclosed to the TTF, it starts a process that could lead to commercialization of the technology. Among the reasons for participating in the process, which are unique to each researcher, most common include:

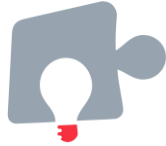
- Making a positive impact on society;
- Achieving recognition and financial reward;
- Generating additional department/center funding;
- Meeting the obligations of a research contract;
- Attracting research sponsors;
- Creating educational opportunities for students;
- Linking students to future job opportunities.

## **Main Considerations in the IP Protection**

### ***Is the inventor able to publish the results of the research and still protect the commercial value of the intellectual property (IP)?***

Yes, but since patent rights are affected by these activities, it is best to submit an Invention Disclosure Form well before any public communication or disclosure of the invention. The inventor has to inform the TTF of any imminent or prior presentation, lecture, poster, abstract, website description, research proposal submission, dissertation/master thesis, publication, or other public presentation of the invention.

### ***Is the inventor able to use material or IP from others in the research?***



Yes, but it is important to carefully document the date and conditions of use so that the TTF can determine if this use may influence the commercialization potential of any subsequent research results. It is just as important to determine who owns what as it is to clarify attribution in a publication. Within the Invention Disclosure Form, all inventors must affirm that no other inventors have been excluded from the disclosure and that all true inventors have been named. Failure to list all inventors truthfully can lead to patent or other IPR being annulled even after being granted. This can also lead to a lawsuit.

Using other people's IP from globally accessible databases as part of novel research is desirable and allowed. The purpose of existence of such stocks of published IP is to prevent the situation of "reinventing the wheel". The TTF will provide assistance in accessing such data from either proprietary or free databases (Espacenet, Google Patents, etc.) in order to assess patentability issues (novelty, inventive step) and also to define appropriate research directions or focus on the relevant research topics for the purpose of commercialization.

***Will the inventor be able to share material, research tools or IP with others to further their research?***

Yes. As mentioned, it is imperative to document items that are to be shared with others and the conditions of use. It also may be necessary to have a Non-Disclosure Agreement or Material Transfer Agreement in place in order to protect the research results or IP rights. A specific service line, such as materials testing, will be used to accommodate for this in addition to standard commercialization services.

***Who owns the newly created IP?***

Ownership depends upon the employment status of the inventor, as well as the conditions under which the research has been conducted. Considerations include:

- What is the source of funds or resources used to produce the invention?
- What was the employment status of the creators at the time the IP was made?
- What are the terms of any agreement related to the creation of the IP?

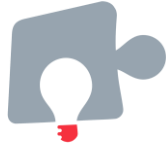
AT NO POINT WILL THE INNOVATION FUND OR THE TTF WILL OWN ANY INTELLECTUAL PROPERTY COMING FROM APPLICANTS.

In Serbia, state funded research results and the IP thereof are the property of the employer and the employer thus has the right to protect said IP. An exception to this rule is the creative works that fall under the umbrella of copyrights and related rights protection. For those creative works, the employer holds the economic rights for the first 5 years from the day of creation. After 5 years, all economic and moral rights are held by the creator. However, when software is in question all economic rights belong to the employer.

Commercialization of IP in the TTF Program will be carried out by involving all parties that have economic interests. Normally, the employer of the inventor/researcher is the employing faculty or research institute within the university which holds the economic rights (assignee), while the inventors hold moral rights (i.e. is listed as the inventor in the patent). In addition to the moral rights, the inventor has the right to at least 50% of the profits from the commercialization financial proceeds in case when the research that led to the invention was funded by the state funds.

IP owners can transfer their IPR to a third party by licensing and assignment, and this is one of the processes which the TTF will facilitate within the scope of the TTF Program.





A license agreement is a contract under which the holder of intellectual property (licensor) grants permission to another person (licensee) for the use of its intellectual property, within the limits set by the provisions of the contract. Without such agreement, the use of that particular intellectual property by any party other than the IP holder would constitute infringement. Examples of license agreements are software licenses concluded when purchasing software, or a trade mark licenses permitting a manufacturer to print the logo of a company on merchandise items. Hence, there is no transfer of ownerships in license agreements. The IP ownership is retained by the licensor. On the contrary, in assignments there is a transfer of title.

An IP assignment is a permanent transfer of ownership of an intellectual property right, such as patent, trade mark or copyright, from one party (the assignor) to another party (the assignee). Consequently, the assignee becomes the new owner of the intellectual property right. IP assignments transfer the title of intellectual property rights and therefore assignments reflect an equivalent process for intangible assets as selling agreements do for tangible assets. The TTF provides assistance to interested researchers willing to explore such opportunities by connecting them with relevant partners from industry.



## ANNEX 2 – TERMS AND CONDITIONS

## Eligible Expenses

While preparing the Development Plan, the Awardee has to bear in mind that the funds awarded under the TTF Program are to be used strictly for additional development as proof of commercial readiness. For Applications with a clear IP and ownership position, these funds may be used for IP services, primarily patent or copyright applications drafting, submission and prosecution and issuance, both in and outside Serbia. Creation of a prototype with specific operating capabilities will be considered. Costs of specialist consultants to provide expertise for various commercialization steps are allowed.

Expenses that **will not be considered for financing** under Financial Support include but are not limited to:

- Interest or debt owed to any party;
- Expenditures and provisions for possible future losses or debts;
- Taxes, duties and charges;
- Items already fully financed through another framework, program or company/institution;
- Currency exchange losses, fees and penalties;
- Purchase of land or buildings, including any renovation.

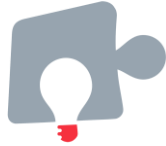
## Financing Conditions

In accordance with regulations governing the financing through the European Union Instrument for Pre-Accession (IPA), financing under the TTF Program is Value Added Tax (VAT) exempt. Therefore, the granted funds must not be used for VAT payments. The VAT exemption rule may not be applied should the funds of Financial support come from other sources (e.g. from funds of the Republic of Serbia, including those supported by the C&J project), unless otherwise explicitly stipulated. In case when the Financial support comes from funds of the Republic of Serbia, VAT is to be calculated and paid in accordance with the regulations of the Republic of Serbia governing VAT, from the Applicant's budget approved by the IF.

- Advance payments are not allowed unless proof of purchase (i.e. invoices, delivery reports, consultant reports) is provided and approved by the TTF and/or advance payment is secured by advance payment guarantee<sup>2</sup>;
- Awardee will be required to submit periodical reports to the TTF as defined in the Commercialization support contract between the Awardee and the TTF. These Progress Reports must be submitted on time and should address progress against milestones, activities carried out in the reporting period and use of the allocated budget, together with the set of relevant supporting documentation (i.e. invoices, delivery reports, consultant reports). At the end of the implementation period, the Awardee is expected to prepare a Final Progress Report for the TTF by the defined date;

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<sup>2</sup> Advance payments should be made in accordance with World Bank's "Guidelines: Procurement of Goods, Works and Non-Consulting Services under IBRD Loans and IDA Credits & Grants by World Bank Borrowers" dated January 2011 Revised July 2014 (Procurement Guidelines) and World Bank's "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits & Grants by World Bank Borrowers" dated January 2011 Revised July 2014 (Consultant Guidelines).



- All agreements with third parties must be submitted with the Application and must contain provisions that the Applicant retains the ownership of all new IP and know-how that may be created during the Project implementation;
- The IF reserves the right to suspend or terminate the financing under the contract for Financial Support, or obtain a refund of all or any part of the amount of the financing disbursed, in the event that the Awardee fails to perform any of its obligations under the contract for Financial Support and is unable or unwilling to correct the situation to the satisfaction of the IF;
- All Applicants that receive funding and need to conduct additional R&D must comply with the requirements of the Environmental Management Framework<sup>3</sup> of the IF, if and whenever relevant. In cases where such compliance is not clear, the TTF may consult environmental specialists at the IF and advise the Applicant.
- In case of successful commercialization which results in total cumulative gross revenues exceeding EUR 25,000, the TTF may, at its own discretion, claim documented IP-related costs and deduct that amount from the amount which is to be transferred to the Applicant.

## Use of Funds

Where financial awards are involved the IF will make payments on behalf of the Awardee. To accommodate such payments the IF will hand in template contracts to the Awardee before the procurement starts.

In the case where a commercial partner co-finances the development activities of the Awardee, disbursement of the funds by the IF will be specified in the agreement with the Awardee and/or commercial partner. The project funds will be disbursed on a quarterly basis. In general, prior to the quarterly disbursement, the Awardee must submit a bank account statement showing a minimum of thirty percent (30%) of the total amount of funds requested for the particular quarter is deposited in the dedicated account.

In the case of funds disbursement the IF will disburse 70% of contracted grant upfront and the remaining 30% of the costs will be reimbursed to the Awardee upon delivery of relevant documentation (i.e. invoices, delivery reports, consultant reports).

The TTF will make sure that all milestones set forth in the Development Plan are met by the Awardee before the remaining 30% of the costs are disbursed.

## Procurement Procedures

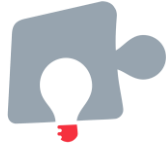
Goods, consultancy and non-consultancy services contracts needed to carry out commercialization shall be procured through one of the following procedures:

- (1) Commercial Practices, or
- (2) Other relevant procurement guidelines and rules.

(1) Commercial Practice

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<sup>3</sup>The EMF (2011) of the IF was developed under the Serbia Innovation Project and is available in both [English and Serbian](#)



Organizational arrangements of the Awardees to conduct procurement shall take into consideration the need for economy, efficiency and transparency of the various procurement activities defined in the Development Plan, their timing and quality of the procured goods, consulting and non-consulting services.

For contracts estimated to cost below EUR 10,000, the TTF will verify the proof of purchase through a review of invoices, delivery reports/consultant reports and contracts and conducting on-site verifications on a sample basis. Procurement may be executed through telephone or verbal solicitations.

For procurement of goods, consulting and non-consulting services estimated to cost EUR 10,000 or more, the Awardees will be required to provide evaluation report, 3 (three) relevant quotations and a detailed specification of the proposed purchase to the TTF for prior review and approval. If three viable, competitive quotations cannot be obtained, a justification should be documented for TTF prior consent.

Contracts may also be placed by the Awardees based on direct/single source in cases where benefit of competition has been considered and rejected for sound reasons. Direct/single source selection may be considered with proper justification notes and IF prior consent in file.

In principle, selection of suppliers/firms/individuals will be based on consideration of price, quality, reliability and performance and the contract award shall be made to the lowest responsive and qualified bidder/the best qualified consultant obtaining the highest score. If award is not made to the lowest responsive bidder/the best qualified consultant obtaining the highest score, a justification note shall be filed in the documents. Awardees shall not award contracts to their parent or affiliate companies unless there is an established arms-length arrangement.

The procurement of second hand or refurbished goods shall not be eligible for financing.

Awardees will ensure that the financing is used to buy only those goods, consulting and non-consulting services necessary to carry out the Project and that they are procured in the most economical, efficient and transparent manner.

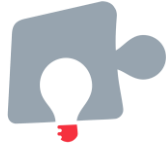
All procurement complaints received by Awardees and TTF will be forwarded to the World Bank for review and comments and/or action as appropriate.

All contract information and project-related facilities shall be available to the World Bank's staff, auditors and staff from the IF for their review.

Contracts will not be awarded to companies/individuals on the debarred list available at [www.worldbank.org/debarr](http://www.worldbank.org/debarr). Contracts with suppliers and consultants shall include standard clauses on Fraud and Corruption and Inspections and Auditing by the World Bank.

## (2) Other relevant procurement guidelines and rules

When the Financial support is funded through other sources, such as government budget, other projects with different procurement rules, etc., and the above rules regarding procurement procedure and Commercial Practice cannot be used, the Awardees will be obliged to follow donors' rules or other relevant rules, in accordance with the Commercialization Support Contract.



Therefore, Awardees who are defined as purchasers by the Public Procurement Law whose Financial support is funded through the funds of the Republic of Serbia (e.g. via C&J project) shall use public procurement laws and regulations of the Republic of Serbia for procuring goods, consultancy and non-consultancy services needed to carry out commercialization. If estimated price of procurement package is below amount defined by the Public Procurement Law for Low-value public procurement, the Awardee shall use aforementioned Commercial Practice. Awardees who cannot be defined as purchasers by the Public Procurement Law (such as all private R&D organizations) shall use Commercial practice for the procurement of goods, consultancy and non-consultancy services.

### Termination of the Agreement

The Innovation Fund may suspend the Commercialization services under the Commercialization support contract and/or terminate this agreement upon its sole discretion, in whole or in part, if a breach of any relevant terms should occur:

- In case when conditions for suspension of Commercialization Support Services [and/or Financing Support] under the Agreement are met due to a breach by the Awardee and/or Inventor, the Innovation Fund will send a written notice to the Awardee and Inventor informing them on existence of the breach and possible consequences arising from the breach and at the same time requesting that the Awardee and/or Inventor as applicable rectifies the issue within four (4) weeks after the date of receipt of the notice, in line with corrective actions instructed by the Innovation Fund;
- If the Awardee and/or Inventor, as applicable, do not undertake corrective actions as defined by the Innovation Fund, the Innovation Fund may upon its sole discretion decide to suspend the Commercialization Support Services [and/or Financing Support] under the Agreement and/or terminate the Agreement by sending of the termination notice;
- Prior to issuance of the termination notice to the Awardee and Inventor, the decision to terminate the Agreement will be reviewed and approved by the TTF Decision Committee within three (3) weeks;
- When receiving Financial Support, in case of Termination of the Agreement due to a breach, the Awardee and/or related third party, as applicable, will be required to refund all or any part of the amount disbursed by the Innovation Fund under the Agreement.
- When receiving Financial Support, if the Awardee unilaterally terminates this Agreement or abandons the Project, it shall be obliged to return to the Innovation Fund the entire sum disbursed to the Awardee by the Innovation Fund until the date of termination of the Agreement pursuant to this article;
- For avoidance of any doubt, such sum shall bear interest proscribed by relevant applicable regulations of Republic of Serbia governing rates and method of calculation of interest paid in the event of overdue with payment;
- When receiving Financial Support, if, upon the termination of the Agreement for any reason, the entire amount disbursed by the Innovation Fund has not been expended, the Awardee and/or Inventor, as applicable, shall forthwith refund to the Innovation Fund such unexpended portion and if not repaid forthwith, such sum shall bear interest;
- Notwithstanding any other provision in this Agreement to the contrary, the Innovation Fund shall be entitled to terminate this Agreement and shall not have any liability whatsoever to the Awardee and/or Inventor or to any third parties in connection with this Agreement, if the funding of the Innovation Fund or its activities is stopped or terminated for any reason.