

AGREEMENT FOR SEEKING INTELLECTUAL PROPERTY RIGHTS

This Agreement is entered into as of the day of, 2009 in accordance with Section 6 read with Section 19(2) of the **Biological Diversity Act, 2002** (Hereinafter referred to as "The Act") and Rule 18 of the **Biological Diversity Rules, 2004** (Hereinafter referred to as "The Rules").

Between

National Biodiversity Authority acting through and represented by (Name of the incumbent), Chairman being the authorised officer of the Authority (Hereinafter referred to as "the **NBA**" or "the Authority") having its office at 5th Floor, TICEL Bio Park, Taramani, Chennai-600 113, Tamil Nadu, India. (www.nbaindia.org).

and

ABC..... (is any person, who intends to apply for a patent or any other form of intellectual property protection whether in India or outside India relating to any biological resources and/or associated traditional knowledge occurring in, or obtained from India) who can be a Company/Institute a firm, society, trust, educational institution or University incorporated/established and existing under the laws of (name of the Country and concerned Act/Law) or an (Hereinafter referred to as "the **ABC**", and includes the legal heirs, assigns, successors and administrators).

Hereinafter, the NBA and ABC shall collectively be referred to as "the Parties" and individually as "Party".

WHEREAS:

NBA has been established by the Government of India under the powers granted to it by section 8 of the Biological Diversity Act 2002 (No. 18 of 2003). Under the said Act, NBA is the authority to permit access to any biological resources and/or associated knowledge found within the territory of India.

ABC is any person, who intends to apply for a patent or any other form of intellectual property protection whether in India or outside India relating to any biological resources and/or associated traditional knowledge occurring in, or obtained from India who is from a Company/University/Individual/Trust etc., who/which is desirous of obtaining intellectual property rights in the territories of for an invention based on research or information on a Biological Resource and/or associated knowledge obtained from India.

ABC has made an application in Form III (to be attached with this Agreement in **Schedule D**) under Rule 18 of the Biological Diversity Rules 2004 to seek approval from

the NBA prior to obtaining the intellectual property rights on the Invention involving the use of the accessed Biological Resource and/or associated knowledge.

The format of this Agreement on seeking Intellectual Property Rights have been prepared strictly in accordance with the provisions of the Biological Diversity Act, 2002 and the Biological Diversity Rules 2004

The Parties hereto agree as follows:

1. Definitions

In this Agreement, unless the context otherwise requires:

Act means the Biological Diversity Act, 2002 (No. 18 of 2003) and includes the Rules/Regulations/Guidelines/Notifications made under it.

Biological Resources: means biological resources as defined in the Act (and includes any associated knowledge) and/or associated knowledge to which ABC had access to and which finds mention in the application seeking intellectual property rights made to the appropriate authority and which is as described in **Schedule A** (details of the biological Resources and or associated knowledge to be furnished by ABC) to this Agreement.

Invention means the invention which ABC seeks to protect by applying for the intellectual property right and has been sufficiently described in **Schedule B** (details of the invention to be furnished by ABC) to this Agreement.

IPR means the intellectual property right to be granted to the Invention by the appropriate authority and would also include the actual grant of any intellectual property right over the Invention described in Schedule B.

Purpose

The purpose of this agreement is for approval of application before patent is granted on the novelty related to biological resources and/or associated traditional knowledge occurring in/ obtained from India for commercialisation. In order to obtain approval from National Biodiversity Authority (established by the Government of India under the powers granted to it by Section 8 of the Biological Diversity Act 2002) any person, who intends to apply for a patent or any other form of intellectual property protection whether in India or outside India relating to any biological resources and/ or associated traditional knowledge occurring in, or obtained from India is required to apply in **Form III** and pay application fee **Rs 500/=** (Rupees Five hundred only) as per Biological Diversity Rule 18 (sub Rule 1,2). The National Biodiversity Authority by order approves the application for IPR related to bioresources and/or associated traditional knowledge, in the form of an agreement duly signed by an authorised officer of the Authority and the applicant.

This regulation is mainly to contribute to the conservation and sustainable use of biological diversity and to secure equitable sharing of benefits arising out of the use of accessed biological resources if any.

2. Grant of Approval

2.1 ABC requests for approval and the NBA hereby grants the approval to seek IPR protection over the invention in the territory mentioned in **Schedule C** (Details of the territory where IPR's over the invention is sought/to be taken by ABC) subject to the terms and conditions set forth in this Agreement.

2.2 ABC agrees to take prior approval of NBA in the event of seeking IPR protection in any other territory not mentioned in Schedule C.

2.3 ABC hereby agrees that this Agreement shall not in any way constitute or be presumed to constitute a partnership, joint venture or joint enterprise in any way or for any purpose between the Parties hereto or make them in any way liable as partners of or as agents for one another. No Party has the authority to act for or to assume any obligation or responsibility on behalf of the other Party and the relationship between the Parties is that of a person and a statutory authority competent to approve certain actions under the Act.

3. Assignment and Transfer

3.1 In the event of any assignment or transfer (by way of licensing or any other means) of the IPR in whole or in part by ABC to any person whether voluntarily or involuntarily, by operation of law or otherwise, all obligations under this Agreement shall accrue on such assignee or transferee. ABC undertakes to attach this Agreement as an appendix to the instrument making such assignment or transfer of IPR.

3.2 The Approval granted under this Agreement shall not be construed as an approval granted to ABC for transfer, distribute or part with in any manner, the Biological Resources and/or associated knowledge obtained by the ABC. In the event of ABC desiring to use the Biological Resources and/or associated knowledge for commercial purposes to exploit the IPR, ABC agrees to make an application under the appropriate provisions and forms under the Act for access to Biological Resources and/or associated knowledge as a raw material for commercial production.

4. Obligations of the IPR holder

4.1 ABC undertakes to:

- A. Notify in writing to the NBA on the grant of IPR, within thirty days from the grant.
- B. Keep NBA informed of any commercialization made on the IPR granted

- C. Share benefits obtained as a result of obtaining the IPR with the different Stakeholders as directed by the NBA
- D. Employ local people in consultation with NBA, in the event ABC chooses to set up his/its own business unit in India to exploit the IPR granted.

4.2 ABC will seek to utilize India as its first source of supply and/or cultivation for raw (natural product) materials required for exploitation of the IPR, if such material can be made available in quantities and quality sufficient for use by ABC at a mutually agreeable fair price. If such material must be cultivated, ABC agrees to seek to utilize territory under the control of the Republic of India as its first source of such cultivation efforts.

4.3 All Licenses and sub-licenses granted by ABC for exploiting the IPR shall contain such clauses from this Agreement which ensures the flow of benefits to the benefit claimers and other stakeholders in India, more particularly to utilize India as first source of supply and/or cultivation for raw materials (Biological Resources) required for exploitation of the IPR.

5. Fees, Royalty and other Benefit Sharing [will change on a case by case basis and will be regulated by the ABS guidelines]

5.1 ABC shall pay to the National Biodiversity Fund, annually, during the term of this Agreement a royalty of..... % as agreed of the total sales of the Product derived from the use of the Biological Resource accessed.

5.2. NBA shall direct ABC to share the benefits in all or any of the following manners namely as per sub section 2 and 3 of Section 21 of the Biological Diversity Act, 2002:

- (a) Grant of joint ownership of Intellectual Property Rights to NBA, or where benefit claimers are identified, to such benefit claimers.
- (b) Transfer of technology
- (c) Location of production, research and development units in such areas which will facilitate better living standards to the benefit claimers;
- (d) Association of Indian scientists, benefit claimers and the local people with research and development in biological resources and bio-survey and bio-utilization;
- (e) Setting up of venture capital fund for aiding the cause of benefit claimers.
- (f) Payment of monetary compensation and non monetary benefits to the benefit claimers as the National Biodiversity Authority may deem fit

6. Reports and Audit

6.1 The ABC shall submit to NBA half yearly reports on the following:

- (a) the number of agreements entered in to for the commercial exploitation of the IPR

- (b) the amount of royalty received by ABC as a result of such agreements.
- (c) any Products manufactured by ABC, based on the IPR or improvements made on it and made available in the market.
- (d) the total billings of such Products (ex factory), if any
- (e) any other information sought by the NBA by a written notice.

6.2 ABC shall keep accurate records (together with supporting documentation) required to determine the amount of royalties due to NBA. Such records shall be retained for at least three (3) years following the end of the reporting period to which they relate.

6.3 The records mentioned in clause 6.2 should be made available during normal business hours for audit by any person authorised by NBA, for the sole purpose of verifying reports and payments hereunder. In conducting audits pursuant to this clause, such person shall have access to all records which he reasonably believes to be relevant to the calculation of royalties. Such authorized person shall not disclose to NBA any information other than information relating to the accuracy of reports and payments made there under.

6.4 The audit by such authorized person shall be at the expense of NBA, except that if such audit shows an underreporting or underpayment in excess of five percent (5%) for any twelve (12) month period, then ABC shall pay the cost of such examination as well as any additional sum that would have been payable to NBA had the ABC reported correctly, plus interest on said sum at the rate of twelve per cent (12%) per month from the date of the incorrect report.

7. Liabilities and Indemnification

7.1 ABC shall be solely responsible for any claims by third parties arising from the ABC's acts or omissions in the course of performing this Agreement and under no circumstances shall the NBA be held responsible or liable for any such claims by third parties.

7.2 ABC shall indemnify and save NBA harmless and its employees from and against all claims, demands, losses, damages, costs (including attorney fees), actions, suits or other proceedings, all in any manner based upon, arising out of, related to, occasioned by or attributable to, any acts or conduct of the ABC, its employees or agents, (whether by reason of negligence or otherwise) in the performance by or on behalf of the ABC of the provisions of this Agreement or any activity undertaken or purported to be undertaken under the authority or pursuant to the terms of this Agreement.

7.3 The ABC shall be deemed to be in material breach of this Agreement, if he/it fails to ensure proper flow of benefit sharing and other fees mentioned in clause 5 of this Agreement. ABC undertakes to make good all such losses as determined by the NBA in

its yearly audits, within 15 days from the date of any such notice to that effect is communicated to the ABC.

7.4 The ABC undertakes to pay a sum of Ten lakhs rupees for any material breach of this Agreement and further undertakes to pay such sum of Ten lakhs rupees in addition to the amount as determined by NBA as the loss incurred by the Republic of India or the stake holders involved.

8. Confidentiality

8.1 The NBA agrees to treat as confidential any and all Confidential Information obtained from ABC marked as “CONFIDENTIAL” and to that end further agrees that information disclosed pursuant to this Agreement relating to the Invention, including efforts to commercialize the Invention, shall be deemed Confidential Information.

8.2 Notwithstanding clause 8.1, Confidential Information may be disclosed to the extent required by any law or regulation or order of any governmental/administrative/judicial authority having jurisdiction over any of the Parties, with appropriate efforts made to maintain confidentiality.

8.3 NBA shall maintain Confidential Information in confidence, for as long as the confidential information does not fall within the Public Domain.

8.4 All information exchanged between the Parties under this Agreement or during the negotiation of this Agreement, marked ‘CONFIDENTIAL’ by the Party, is confidential and may not be disclosed to any person except:

- (a) if it is necessary for the ABC to disclose the information to a person in the course of negotiating a licence/Sublicence or other agreement concerning Commercial Utilization with the person, on condition that the person agrees to be bound by the terms of this clause; or
- (b) to the Party’s professional advisers on condition that they agree to be bound by the terms of this clause

9. Term and Termination

9.1 Irrespective of the life/existence of IPR granted, for the purpose of benefit sharing, this Agreement shall remain in force throughout the commercialization of the IPR granted to ABC by the Appropriate Authority

9.2 Any breach of the terms and conditions of the agreement and the Act by ABC including the non payment of royalty or benefit sharing will result in the immediate termination of the Agreement and NBA reserves the right of seeking revocation of the IPR so granted before such competent authority/court/tribunal and further NBA reserves the right of taking punitive measures according to the provisions of the Act and Rules and

guidelines/regulations/notifications issued by the Central government for any breach of this Agreement or Act itself by ABC.

9.3 The approval given under this agreement is without prejudice to any other approvals/permissions that may be required to be taken by ABC for the purpose of access to biological resources and/or associated knowledge from any other authorities under any law in force in the territory of India. Failure to acquire such approvals/permissions shall be deemed as a material breach of this Agreement and shall result in the termination of this Agreement. However, before such termination, upon an application by ABC, a reasonable time as deemed appropriate by NBA may be given to ABC to rectify the default and obtain required approval, permit, or licenses etc. within such time period granted.

9.4 In case the biological resource referred at 4.5 above has any special status under any law in force in India or any international agreement, the details of the same shall be provided, including necessary clearances from competent authority.

9.5. NBA may terminate this Agreement by a written notice on the happening of any of the following:

(a) If ABC does not make a payment due hereunder and fails to cure such non-payment within Thirty (30) days after the date of notice in writing of such non-payment by NBA.

(b) If ABC becomes insolvent or shall have a petition in bankruptcy, winding up filed for or against it. Such termination shall be effective immediately upon NBA giving written notice to ABC.

(c) The NBA shall revoke access or approval granted to ABC if any of the circumstances mentioned in Biological Diversity Rule 15(1) arises and on any one or more of the grounds stated therein , namely:

1. If ABC has violated any of the provisions of the Act or the conditions on which approval was granted,
2. If ABC has failed to comply with this terms of agreement,
3. If ABC has failed to comply with any of the conditions of access granted,
4. on account of over riding public interest or for protection of environment and conservation of biological diversity.

(d) The NBA shall revoke access or approval granted to the ABC in case if it is found that ABC has accessed/attempted to access the biological resources for which access is restricted or prohibited under rule 16, namely: any endangered taxa ; any endemic and rare species; access may likely to result in adverse effect on the livelihoods of the local people; the access may result in adverse environmental impact which may be difficult to control and mitigate; access may cause genetic erosion or affecting the ecosystem function; and the use of resources for purposes contrary to national interest and other related international agreements entered into by India

In the event of revocation of access or approval as mentioned above this agreement shall automatically stand terminated.

9.6. As regards all other aspects and terms & conditions not provided for in this agreement they shall be governed by the provisions of the Act, Rules, regulations and the order of approval. ABC may terminate this Agreement by giving sixty (60) days advance written notice of termination. Upon termination, ABC shall submit a final payment report to NBA and any outstanding payments shall become immediately payable.

9.7. Upon termination of this Agreement, ABC shall cease all use of the Biological Resources and shall, upon request, return or destroy (at the option of NBA) all Biological Resources under its control or in its possession. The costs in this regard shall be borne by ABC

9.8. NBA shall not be liable for any loss or damage whatsoever caused to ABC due to revocation of approval for access and/ or termination of this agreement on any ground whatsoever.

10. Notice

10.1 Wherever in this Agreement, it is required or permitted that a communication, notice or demand be given or served by either Party to or on the other Party, such communication, notice or demand will be in writing and will be validly given or sufficiently communicated if forwarded by Registered mail acknowledgement due, e-mail, telegram, telex or facsimile as follows:

The addresses for delivery are:

To the NBA:

The Chairperson, National Biodiversity Authority, 5th Floor, TICEL Bio Park, Taramani, Chennai-600 113, Tamil Nadu, India.

e-mail: chairman@nbaindia.in Fax:044-2254 1073

To ABC:

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10.2 Notice will be deemed to have been delivered:

- (a) if delivered by hand, upon receipt;
- (b) if sent by electronic transmission, 48 hours after the time of transmission, excluding from the calculation weekends and public holidays;

- (c) if sent by certified mail, four (4) days after the mailing thereof, provided that if there is a postal strike or other disruption such notice will be delivered by hand or electronic transmission.

10.3 The Parties may change their respective addresses for delivery by delivering notice of change as provided in this paragraph.

11. Arbitration

11.1 If any controversy, question, dispute or difference (hereinafter referred to as a 'Dispute') between the Parties hereto arises under this Agreement, any Party may give the other Party a written notice of Dispute adequately identifying and providing details of the Dispute. On receipt of such notice by the other Party, the Parties shall try to settle the Dispute amicably between them by negotiating in good faith within 30 days of the receipt of the notice of Dispute by the other Party.

11.2 If the Dispute is not resolved by such good faith negotiation within the period mentioned, the Parties agree to settle the Dispute through arbitration conducted by the sole arbitrator appointed by Chairman, NBA. The arbitration shall be governed by the Arbitration and Conciliation Act, 1996. The place of arbitration shall be Chennai, India. The language to be used in the arbitration proceedings shall be in English or as mutually agreed between the Parties.

11.3 The Parties hereto agree that the award and determination of the arbitrator shall be final and binding on both Parties hereto.

12. Governing Law and Jurisdiction

12.1. This Agreement is governed by and is to be construed in accordance with the laws of India without regard of the principles for the conflicts of laws subject to the provisions of clause 11 (arbitration). In the event of a dispute not settled through arbitration as specified in clause 11, the parties are free to exercise their right of appeal as provided under Section 52 of the Act. However, the Parties irrevocably and unconditionally submits to the exclusive jurisdiction of the High Court in Chennai, India

12.2. As regards all other aspects not provided for in this agreement, they shall be governed by the provisions of the Act, rules, regulations and the order of approval.

13. Waiver

The Waiver by NBA, of any breach of any terms of this Agreement made by ABC shall not prevent the subsequent enforcement of that term and shall not be deemed a waiver of any subsequent breach.

14. Severability

If any part of this Agreement is declared or held invalid by a court for any reason, the invalidity of that part will not affect the validity of the remainder which will continue in full force and effect and be construed as if the Agreement had been executed without the invalid portion.

15. Modification

No amendment or modification of this Agreement shall be valid or binding upon the Parties, unless agreed upon by both Parties, made in writing, and signed on behalf of each of the Parties by their duly and legally authorized representative officers.

16. Entire Agreement

The Parties acknowledge that there are no representations either oral or written, as regards the subject matter of this Agreement, between the NBA and ABC other than those expressly set out in this Agreement. All previous negotiations, understandings, representations, warranties, memoranda or commitments concerning the subject matter of this Agreement are merged in and superseded by this document and are of no effect. This Agreement constitutes the entire understanding between the parties as to the subject matter of this Agreement. This Agreement sets forth all representations forming part of or in any way affecting or relating to the subject matter of this Agreement.

17. Representations

Either Party represent to each other Party that it has the legal right and power to enter into this Agreement and to perform its obligations under the terms of this Agreement and the execution, delivery and performance of this Agreement by it has been duly and validly authorized by all necessary corporate action or Government action on its part.

The documents attached hereto as Schedules forms an integral part of this Agreement as fully as if it were set forth herein *in extenso*, and consists of:

Schedule A: Details of the Biological Resources **(To be attached by the ABC)**

Schedule B: Details of the Invention **(To be attached by the ABC)**

Schedule C: Details of the territories where intellectual property rights over the Invention is sought to be taken. **(To be attached by the ABC)**

Schedule D: Application made by ABC in Form III **(To be attached by the ABC)**

and any other Appendix that may be added subsequently under the provisions of this Agreement.

This Agreement has been executed in Duplicate. The original is to lie with the NBA and the duplicate with ABC. Each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF this Agreement has been executed by duly authorized representatives of the Parties on the day and the year first mentioned

Signed by the Authorised Officer
of the Authority

Signed by duly authorized representative
of ABC, authorized vide resolution No.
dated _____ of the Board of Directors

For National Biodiversity Authority

For ABC

Witness

1

1.

2.

2.

Schedule A

Details of the Biological Resources

[To be filled in by ABC]

Schedule B

Details of the Invention

[To be filled in by ABC]

Schedule C

Details of the territory where IPR's over the Invention is sought to be taken.

[To be filled in by ABC]

Schedule D:

Application made by ABC in Form III