

# LAW OF GEORGIA

## ON INNOVATIONS

### Chapter I - General Provisions

#### Article 1 - Purpose and scope of the Law

1. The purpose of this Law is to establish and improve a national innovations ecosystem required for the social and economic development of Georgia, to build the economy of the country on the basis of knowledge and innovations, to facilitate the use of technologies in Georgia which are created in other states, to promote the introduction and export of intellectual property and technologies created in Georgia, and to ensure the penetration of high technologies into all areas of science and economy in order to increase the competitiveness of the said areas.
2. This Law shall apply to entities carrying out innovation activities, and the infrastructure supporting innovation activities, as well as the financing and commercialisation of innovation activities.

#### Article 2 - Definitions of terms

The terms used herein shall have the following meanings:

- a) innovation - a new or essentially improved, usable product, process or service having economic, scientific, or social value that may differ according to type, and includes:
  - a.a) innovative product - a new or essentially improved product that does not involve only an aesthetic change to an innovative product developed or manufactured by any other person;
  - a.b) innovative process - the use of a new or an essentially improved method of production or service that is a novelty or improvement for a person, regardless of whether that process has been created by any other person;
  - a.c) organisational innovation - a new or essential change made in a management structure or a method that aims to improve the quality of product or service, and/or to improve the use of knowledge, or to enhance the efficiency of business in an organisation;
  - a.d) innovative marketing - the application of a new marketing method, including major changes made in product design and packaging, and in the manner by which the product is promoted or offered;
- b) innovation activity - an activity carried out to create a new or essentially improved, usable product, process or service having economic, scientific or social value;
- c) subject of innovation activity - a person carrying out innovation activities;
- d) innovation project - a project aiming at carrying out innovation activities;
- e) infrastructure for innovation activities - an environment which is intended to bring together and help establish cooperation between the educational, industrial, scientific and private sectors, and to promote innovation activities;
- f) start-up business - a subject engaged in entrepreneurial activities as provided for by the Law of Georgia on Entrepreneurs, where no more than two years have passed since the registration of the business as provided for by the legislation of Georgia;
- g) commercialisation of innovation - the practical application of an innovation having positive economic and social effects;
- h) innovations ecosystem - the integrity of the system of national and regional innovations that promote cooperation between the public, educational, industrial, scientific and private sectors in the area of innovations and technologies, and aimed at creating, developing, disseminating and applying scientific and technological knowledge for the purpose of building up the economy on the basis of knowledge and innovations, and for the purpose of increasing the competitiveness of private sectors within the country.

#### Article 3 - State strategy in the area of innovations

1. State strategy in the area of innovations shall be approved by the Government of Georgia, by the recommendation of the advisory body of the Government of Georgia called the Research and Innovations Council.
2. The Government of Georgia shall, in accordance with the priorities set forth in state strategy in the area of innovations, determine the subjects responsible for the implementation of the strategy.

#### Article 4 - Functions of the advisory body of the Government of Georgia called the Research and Innovations Council in the area of innovations

The functions of the advisory body of the Government of Georgia called the Research and Innovations Council in the area of innovations shall be to:



- a) coordinate and present to the Government of Georgia state strategy in the area of innovations;
- b) coordinate the development of national and regional innovations ecosystems between state agencies, as well as between the state, private, educational and scientific sectors;
- c) coordinate the drafting of a report on innovation activities and present the draft report to the Government of Georgia;
- d) other functions provided for by the legislation of Georgia.

#### **Article 5 - Objectives of the legal entity under public law called Georgia's Innovation and Technology Agency**

The legal entity under public law called Georgia's Innovation and Technology Agency (the Agency) shall promote the commercialisation of innovations and stimulate the use of such innovations.

### **Chapter II - Infrastructure for Innovation Activities**

#### **Article 6 - Infrastructure supporting innovation activities**

1. To support innovation activities, a state agency or any other person shall establish the following infrastructure:

- a) a scientific/technological park
- b) a business incubator
- c) a business - accelerator
- d) a technology transfer centre
- e) a laboratory of industrial innovations (FabLab) and an innovations laboratory (ILab)
- f) an innovations centre
- g) any other infrastructure.

2. A municipality shall support innovative development in accordance with Article 16(4) of the Organic Law of Georgia Local Self-Government Code.

#### **Article 7 - Scientific/technological park**

1. A scientific/technological park shall provide infrastructural and professional services to higher education and scientific and research institutions, as well as to any other subjects of innovation activities in the specially designated area.

2. A scientific/technological park shall promote cooperation between the persons provided for by paragraph 1 of this article, the potential immediate application of new technologies, and the creation of new products or services and their placement on the market.

#### **Article 8 - Business incubator**

The main function of a business incubator shall be to provide a working area, and administrative and any other technical assistance, to subjects of innovation activities selected by competition, for no longer than two years.

#### **Article 9 - Business accelerator**

The main function of a business accelerator shall be to ensure a working area for the subjects of innovation activities selected on the basis of a competition, and to ensure the development and improvement of their business ideas and models, and where necessary, to carry out investments stipulated by the respective terms of a competition.

#### **Article 10 - Technology transfer centre**

A technology transfer centre shall ensure the transfer of innovations, which includes the assessment of commercial potential of innovations, the search for partners for the transfer of innovations, and the evaluation of such transfer for the purpose of the commercialisation of innovations.



#### **Article 11 - Laboratory of industrial innovations**

A laboratory of industrial innovations shall ensure the provision of infrastructural and professional services to any interested person in a specially allocated area, which involves the testing of an idea and the production of a sample.

#### **Article 12 - Innovations laboratory**

An innovations laboratory shall, as a result of cooperation between educational institutions and legal entities under public law, provide infrastructural and professional services to and conduct trainings for any interested person, which involves training for any specific business, the testing of ideas and the production of samples.

#### **Article 13 - Innovations centre**

An innovations centre shall ensure the improvement of the computer literacy and entrepreneurial skills of the population in the area of innovations, and the introduction of distance learning and employment platforms.

#### **Article 14 - Procedure for the regulation of infrastructure for innovation activities of the Agency**

The fees for services provided by a scientific/technological park, business incubator, business accelerator or technology transfer centre of the Agency shall be determined by a respective ordinance of the Government of Georgia. The fees for services provided through any other infrastructure of innovation activities shall be determined by the legislation of Georgia.

#### **Article 15 - Financing of the infrastructure for innovation activities**

The Government of Georgia, the Agency, scientific and research and educational institutions, and any other persons, may provide the financing/self-financing of the infrastructure for innovation activities in accordance with the legislation of Georgia.

### **Chapter III - Financing of Innovation Activities**

#### **Article 16 - Financing of innovation projects**

An innovation project shall be financed in accordance with this Law, the Law of Georgia on Grants, and any other legislative and subordinate laws of Georgia.

#### **Article 17 - Planning and using financial resources**

1. When planning and using financial resources during the funding of innovation projects, the principles of transparency, non-discrimination, impartiality and publicity shall apply.
2. Within a grant competition, the Agency may, in accordance with the legislation of Georgia, take part, together with any other organisations, in the co-financing of innovation activities.

#### **Article 18 - Annual report on innovation activities**

The Research and Innovations Council shall submit an annual report to the Government of Georgia on performed and ongoing innovation activities and on the financial resources applied for that purpose.

### **Chapter IV - Commercialisation of Innovation Projects Financed by the State (including by the Agency)**

#### **Article 19 - Intellectual property rights**

1. The intellectual property rights to inventions or useful models created by an employee or a person under instructions when fulfilling his/her official or contractual duties during the implementation of innovation projects financed by the Agency shall be in the ownership of the employer or person who gave the instructions, unless otherwise provided for by a respective contract.
2. A person who is the owner of the subject of intellectual property under paragraph 1 of this article is obliged to specify the name of the author(s) of the invention or useful model when applying for a patent.



3. The procedures for determining and sharing the guaranteed interest of an inventor in the commercialisation of an intellectual property right as a result of the implementation of an innovation project financed by the Agency shall be determined by a respective ordinance of the Government of Georgia.

4. If an invention has been created by several persons, the interest of gaining income referred to in paragraph 3 of this article shall be equally distributed among the co-inventors, unless otherwise provided for by a contract concluded between the co-inventors.

#### **Article 20 - Protection of public interest in a right arising from a patent that is granted for a state-funded invention and/or useful model**

1. With respect to a patent granted for a state-funded invention and/or a useful model, a person authorised by the Government of Georgia may request a patent holder who has received state funding, or his/her legal successor, or a holder of an exclusive licence, to issue a licence to an appropriate applicant(s), and if the above patent holder, or his/her legal successor, or the holder of the exclusive licence, refuses to meet that request, the above authorised person may, pursuant to a decision made by an ordinance of the Government of Georgia, defend the public interest and issue the licence himself/herself in the following cases:

- a) if the patent holder, or his/her legal successor, or the holder of the exclusive licence, fails to take effective measures for the practical application of the patent in question in the respective area, or if such measures are not expected to be taken within a reasonable time frame;
- b) due to needs and interests relating to public health care, national defence, natural calamities or epidemic, which the patent holder, or his/her legal successor, or the holder of an exclusive licence, or their licence holders, fail to meet.

2. A decision on the exercise of the right provided for by paragraph 1 of this article shall be taken by a Governmental commission established by a respective ordinance of the Government of Georgia, in accordance with the procedures provided for by the ordinance.

#### **Article 21 - Income generated from the funding of an innovation project**

1. For seven years following the funding of an innovation project, a public agency or an authorised person designated by the Government of Georgia shall have the right to claim interest in the income from the said project in the amount of not more than 5% per annum.

2. The procedure for establishing the interest provided for by paragraph 1 of this article shall be determined by a respective ordinance of the Government of Georgia.

### **Chapter V - Transitional and Final Provisions**

#### **Article 22 - Transitional provisions**

Before 1 December 2016, the Government of Georgia shall ensure:

- a) the approval of the procedures for establishing and disbursing the guaranteed interest of an inventor or an author of a useful model in the commercialisation of an intellectual property right as a result of the implementation of an innovation project funded by the Agency as provided for by Article 19(3) of this Law;
- b) the adoption of the ordinance provided for by Article 20 of this Law and the establishment of a governmental commission;
- c) the adoption of the ordinance provided for by Article 21 of this Law.

#### **Article 23 - Entry into force of the Law**

This Law shall enter into force upon its promulgation.

**President of Georgia**

**Giorgi Margvelashvili**

**Kutaisi**

**22 June 2016**

**No 5501-III**

