



# **V-LRN**

# **VIRTUAL LEARNING NETWORK**



# **INTERNATIONAL BUSINESS ENVIRONMENT**

**Block-2**

**Unit – 8**

**Technology Transfers**

**Virtual Learning Network**



# Topics to be Covered

- Introduction
- Rational of Transfer of Technology
- Recent trends and Current Issues
- Transfer of Technology, FDI and TNCs
- Organizational Innovation and Management Practices
- Vital Components of Contract
- Intellectual Property Rights
- Summary

# Introduction

- Transfer of technology involves the transfer of physical goods i.e. capital goods and the transfer of tacit knowledge. The transfer of tacit knowledge is becoming more important and involves acquiring new skills and technical and organizational capabilities. Needless to say that the innovation of technology requires large amount of investment, hence, Transnational Corporation play on important role in the transfer of technology.

# Introduction (Contd.)

**Technology transfer** is the process of sharing of skills, knowledge, technologies, methods of manufacturing, samples of manufacturing and facilities among governments and other institutions to ensure that scientific and technological developments are accessible to a wider range of users who can then further develop and exploit the technology into new products, processes, applications, materials or services.

# Rational of Transfer of Technology



## Fulfill the Mission

- The diffusion of the developed intellectual property and the promotion of new ventures



## Personal Motivation

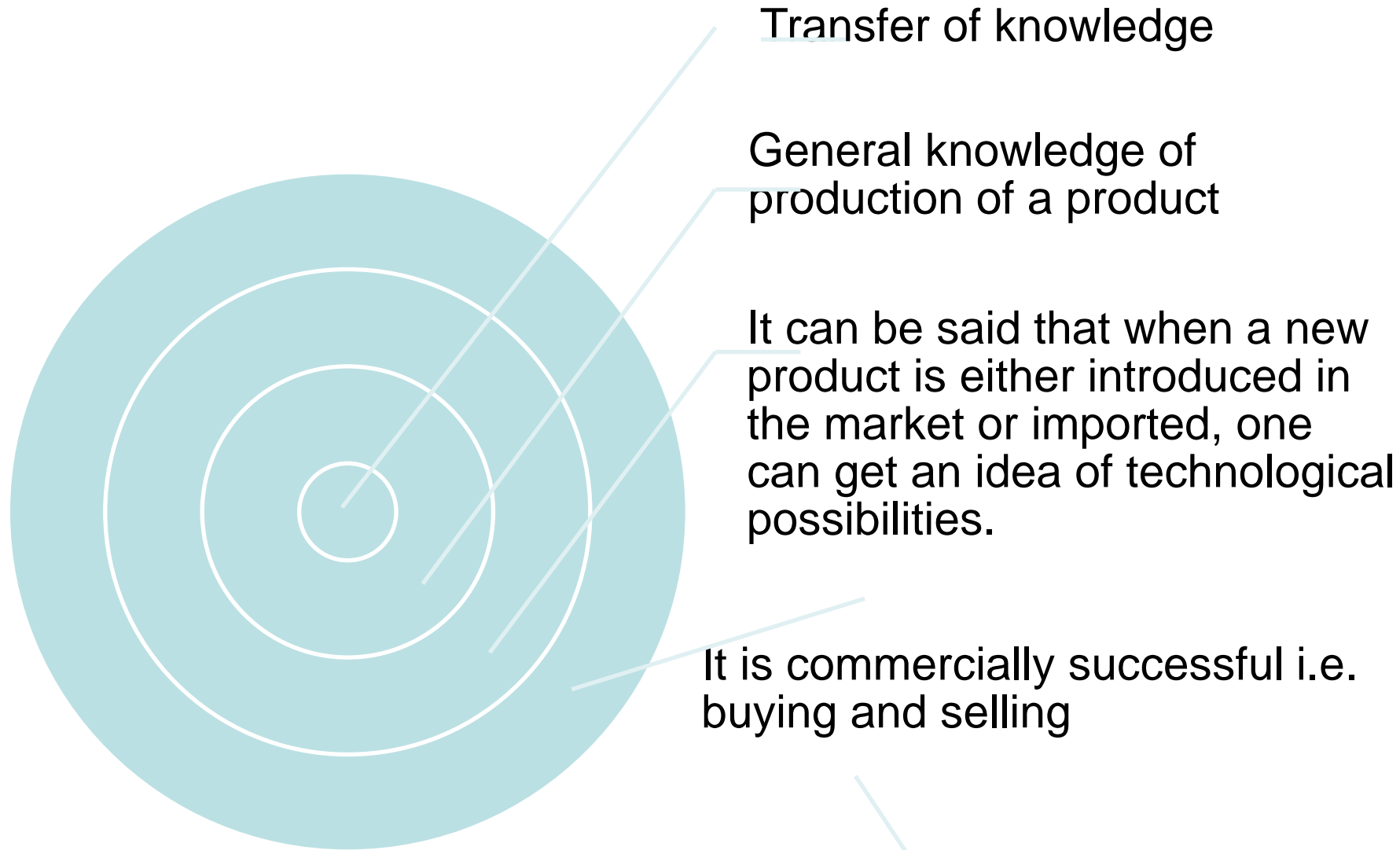
- A share of the licensing fees is given to the inventor and any left-over after covering costs is added to the institute finances



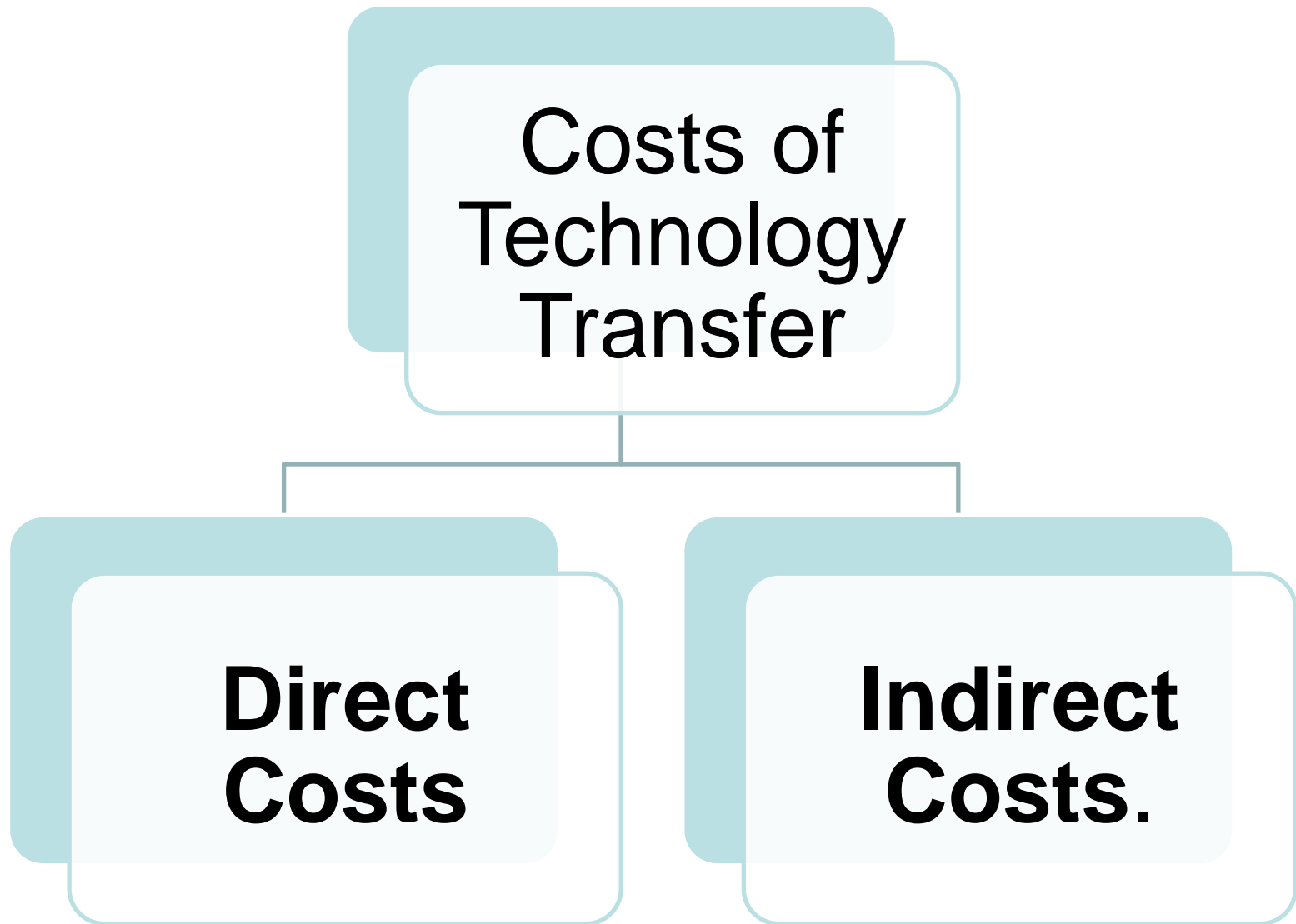
## Attract Private Capitals

- Indicator are used to select research partners
- Spin offs cultivate industry networks and provide opportunities

# Levels of Technology Transfer



# Rational of Transfer of Technology(Contd.)







# Rational of Transfer of Technology(Contd.)

## **Reasons for purchasing technology**

Innovating a new process

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A firm would find it more convenient to buy the most modern technology from the owner

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Enabling company to earn additional income

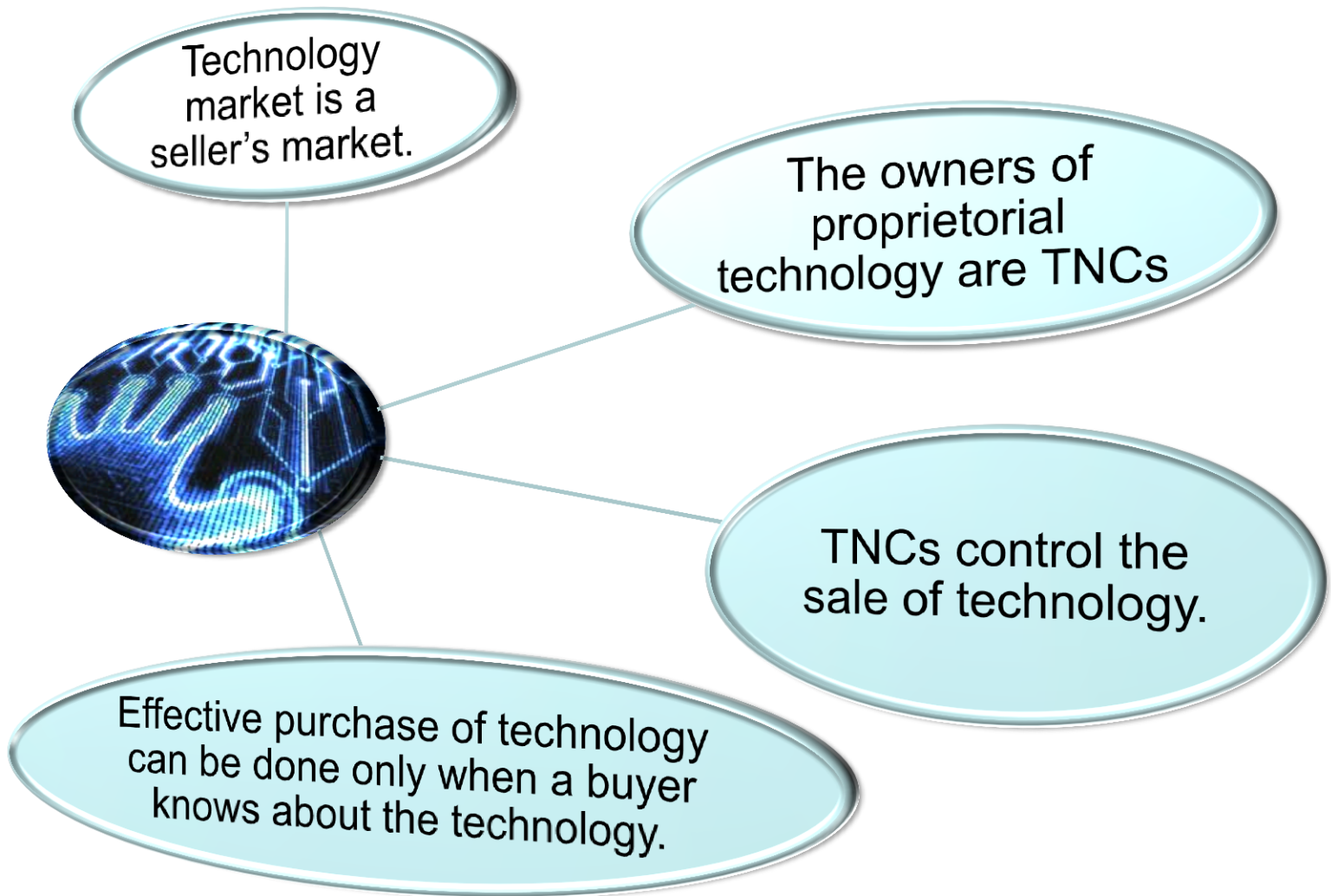
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Allowing to share intellectual property and obtain royalties

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It encourages use of developed technology

# Technology Market



# Recent Trends & Current Issues

- Technology is increasingly globalizes
- Science and technology policy is perceived as having effects and consequences for international trade
- Technology is improving the services sector
- Technology is act as the prime factor in creating comparative advantage
- Seek increased governmental protection for intellectual property rights.

# Organizational Innovation and Management Practices

Production layouts need to be restructured

Inventories have to be reduced to a minimum “just-in-time”

Zero defects or be of perfect quality.

Skill and craft differentiation among workers are eliminated and workers are trained to be multi-skilled.



# Non-equity Forms of Technology Transfer by TNCS and Small and Medium Enterprises

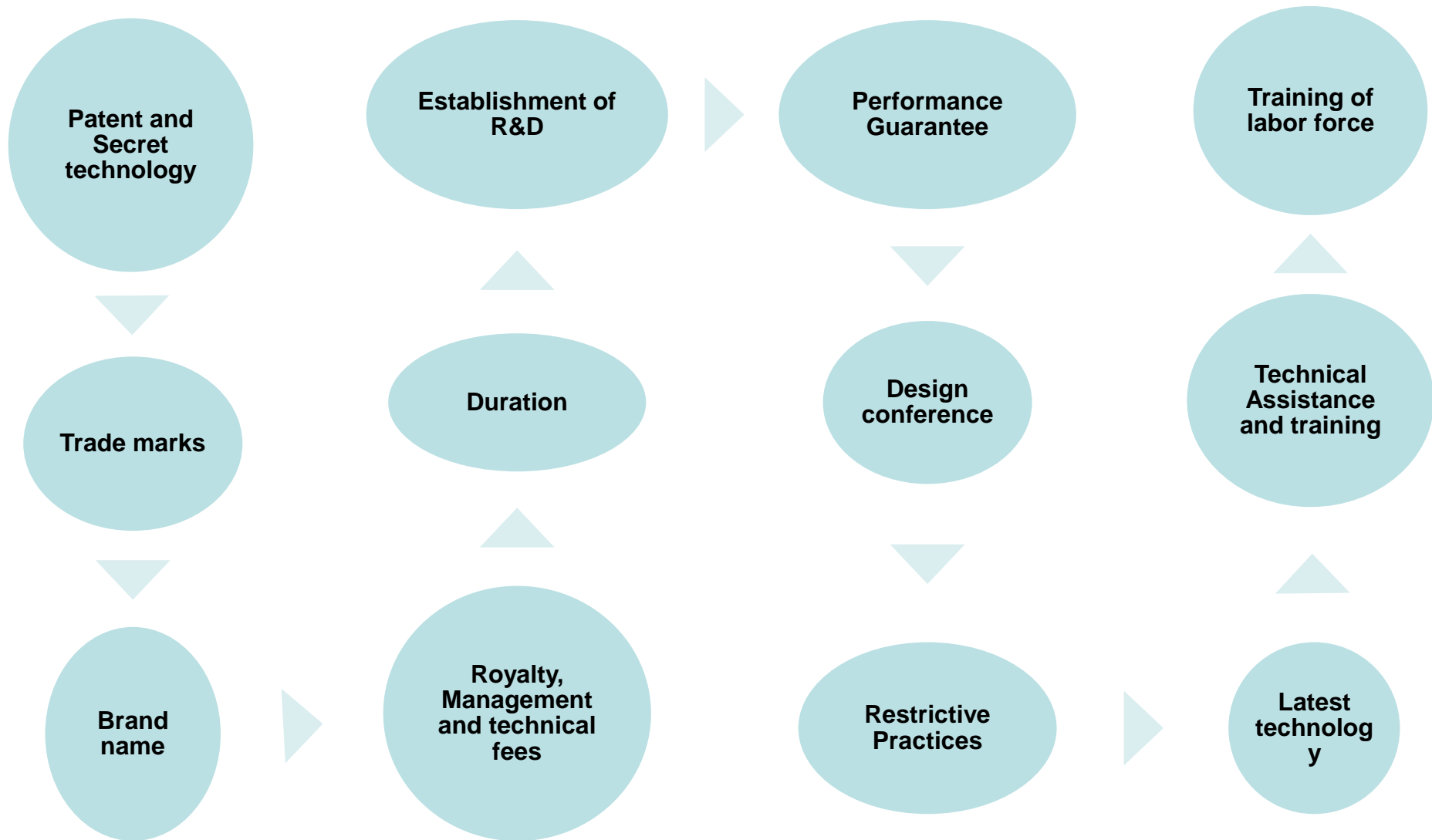
- Complete Sale/Purchase of Technology
- Sub-Contracting
- Management Contract
- Franchises
- Exports and Technology Transfer
- Acquisition of Export Marketing Skill from Transnational Corporations
- Strategic Union and Technology Transfer



# Technology Collaboration Agreement

It is a specific mechanism of technology transfer. Even with subsidiaries and affiliates some TNCs have technology collaboration agreement spelling out the details of technology to be transferred and price to be paid. It is an legal agreement enforceable by the courts of law.

# Vital components of Contract





# Intellectual Property Rights

**Intellectual property** are legal property rights over creations of the mind, both artistic and commercial, and the corresponding fields of law.

Under intellectual property law, owners are granted certain exclusive rights to a variety of intangible assets.

Types of intellectual property include copyrights, trademarks, patents, and trade secrets.





# International Agreements for Intellectual Property Rights

- **There are a large number of international agencies and international agreements which are expected to manage intellectual property rights protection.**
  - World Intellectual Property Organization (WIPO)
  - Paris Convention
  - Berne Union
  - Washington Treaty



# India and Intellectual Property Rights

- India has been a member of Berne Convention for the protection of literary and artistic works. Computer software is protected as a literary work under our copyright laws since 1983, three years before the launching of Uruguay Round of Negotiations in 1986. Indian laws relating to trade marks, trade secrets and industrial designs are on par with generally accepted international standards. Necessary adaptation in keeping with the agreements are under way.



# Limitations in Transfer of Technology to Indian Firms

- Indian firms normally do not make advance preparations.
- Indian firms, do not build a team of experts to enable the Management.
- Very often, there are many legal loopholes in the technology collaboration agreements such as lack of performance guarantee, lack of differentiation of technology etc.
- Indian buyer tends to subject himself to restrictive business clauses which include ban on exports, area wise restrictions for exports, buying machinery and equipment from the sources specified by the seller of technology which tends to increase the costs of production.

# Summary

- International transfer of technology refers to transfer of technology among firms located in different countries. Technology transfer includes transfer of rights to use the patented knowledge, secret knowledge, trade mark and brand name.
- Intellectual property rights have become an important issue.
- Costs of transfer of technology include royalty, technical fees, management fees.

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