

## Translation



*The following document is China's law on the "conversion of S&T achievements," originally enacted in 1996 and amended in 2015. The law governs the process of adopting technological breakthroughs for commercial or other practical use. The law's provisions create incentives for scientists and universities to cooperate with corporations and others who can profit from their discoveries, and allow for punishment of those who fail to compensate the discoverers adequately.*

### Title

Law of the People's Republic of China on Promoting the Conversion of Scientific and Technological Achievements  
中华人民共和国促进科技成果转化法

### Source

National People's Congress (NPC; 全国人民代表大会; 全国人大) website. The NPC is China's parliament. The NPC Standing Committee (常务委员会; 常委会) passed the original version of this law on May 15, 1996 and passed an amended version on August 29, 2015. The amended law was uploaded to the NPC website on November 10, 2015.

*The Chinese source text is available online at:*

[https://web.archive.org/web/20200925025138/http://www.npc.gov.cn/wxzl/gongbao/2015-11/10/content\\_1951905.htm](https://web.archive.org/web/20200925025138/http://www.npc.gov.cn/wxzl/gongbao/2015-11/10/content_1951905.htm)

### Translation Date

January 14, 2021

### Translator

Etcetera Language Group, Inc.

### Editor

Ben Murphy, CSET Translation Lead

## Law of the People's Republic of China on Promoting the Conversion of Scientific and Technological Achievements

(Adopted on May 15, 2016 at the 19th Meeting of the Standing Committee of the Eighth National People's Congress, and amended pursuant to the *Decision on Amending the "Law of the People's Republic of China on Promoting the Conversion of Scientific and Technological Achievements"* of the 16th Meeting of the Standing Committee of the 12th National People's Congress on August 29, 2015)

### Contents

- Section I General Provisions
- Section II Organization and Implementation
- Section III Assurance Measures

Section IV	Technology Rights and Interests
Section V	Legal Liability
Section VI	Supplementary Provisions

## **Section I General Provisions**

**Article 1** This Law has been formulated in order to promote the conversion of scientific and technological achievements into actual productive forces (生产力), regulate scientific and technological achievement conversion activities, accelerate the progress of science and technology, and promote economic construction and social development.

**Article 2** In this Law, scientific and technological achievements ("S&T achievements") refers to achievements with practical value that are generated through scientific research and technology development. "Work-related S&T achievements" (职务科技成果) refers to S&T achievements made in performing work tasks of entities such as research and development institutes, institutes of higher education, and enterprises, or made primarily using the physical and technical resources of such entities.

As used in this Law, "S&T achievement conversion" (科技成果转化) refers to activities carried out for S&T achievements in order to raise the level of productive forces, from follow-up testing, development, application and extension, to forming new technologies, new processes, new materials and new products, developing new industries, etc.

**Article 3** S&T achievement conversion activities should help accelerate implementation of the innovation-driven development strategy, and promote the integration of S&T with the economy; they should help improve economic and social benefits, environmental protection and the rational use of resources; and they should help promote economic construction and social development, and safeguard national security.

S&T achievement conversion activities shall follow market principles, fully exploit the primary role played by enterprises, adhere to the principles of voluntariness, mutual benefit, fairness and good faith, conform to the provisions of laws and regulations and contractual agreements, enjoy benefits, and bear risks. The intellectual property in S&T achievement conversion activities is protected by law.

S&T achievement conversion activities shall comply with laws and regulations and safeguard national interests, and shall not harm the public interest or the rights and interests of others.

**Article 4** The State shall rationally arrange the investment of government funds, and channel the investment of social funding,<sup>1</sup> for S&T achievement conversion, and shall promote diversification in the funding of S&T achievement conversion.

---

<sup>1</sup> Translator's note: The Chinese term 社会资金, translated literally as "social funding," and its synonyms 社会资本 "social capital" and 社会投资 "social investment," refer to any source of funding outside of government budget outlays. These terms encompass investment by private individuals and private institutions. However, investment from state-funded entities such as state-owned enterprises (SOEs), including state-run banks, also falls under the umbrella of "social funding."

**Article 5** The State Council and local people's governments at all levels shall strengthen coordination on S&T, fiscal, investment, tax, talent, industrial, financial, government procurement, military-civil fusion (军民融合) and other policies, so as to create a good environment for S&T achievement conversion.

In accordance with the principles set forth in this Law, and taking into account actual local circumstances, local people's governments at all levels may adopt measures that are more conducive to promoting S&T achievement conversion.

**Article 6** The State shall encourage S&T achievements to be implemented first within China (在中国境内). Where Chinese entities or individuals transfer or license S&T achievements to overseas organizations or individuals for them to implement, such entities or individuals shall comply with relevant laws and administrative rules, as well as relevant national regulations.

**Article 7** The State Council may, in accordance with law, organize implementation of, or license others to implement, relevant S&T achievements, for the sake of national security, national interests, or major public interests of society.

**Article 8** The science and technology administrative departments, the comprehensive economic administration departments, and other relevant administrative departments of the State Council, shall manage, guide and coordinate S&T achievement conversion work, in accordance with the provisions of the State Council.

Local people's governments at all levels are responsible for managing, guiding and coordinating S&T achievement conversion work within their own administrative regions.

## **Section II Organization and Implementation**

**Article 9** The State Council and local people's governments at all levels shall include the conversion of S&T achievements in economic and social development plans, and shall organize and coordinate implementation of the conversion of relevant S&T achievements.

**Article 10** Where government funding is used to establish applied S&T projects and other relevant S&T projects, the relevant administrative departments and management institutions shall improve and refine methods for the organization and management of scientific research, and when formulating relevant S&T achievement conversion plans and programs, or preparing project guidelines, they shall listen to the opinions of relevant industries and enterprises. When organizing implementation of applied S&T projects, they shall specify the S&T obligations of the parties that undertake the projects ("project parties"), strengthen intellectual property management, and make S&T achievement conversion and intellectual property creation and utilization an important component and basis of project establishment and project acceptance checks.

**Article 11** The State shall establish and refine an S&T reporting system and S&T achievement information system, publicly announce S&T project implementation circumstances, as well as information on S&T achievements and related intellectual property, and provide public services such as S&T achievement information consulting and screening. In publicly announcing relevant information, state secrets and trade secrets shall not be disclosed.

For information that is not to be announced, the departments concerned shall inform the relevant S&T project parties in a timely fashion.

For S&T projects established using government funding, the project parties shall submit relevant S&T reports in a timely fashion in accordance with provisions, and summarize and submit information on S&T achievements and related intellectual property to the S&T achievement information system.

The State shall encourage the project parties of S&T projects established using government funding to submit relevant S&T reports, and summarize and submit information on S&T achievements and related intellectual property to the S&T achievement information system, and departments of people's governments, at the county level and above, that are responsible for related work shall provide them facilitation for doing so.

**Article 12** The State shall give support, by means of government procurement, research and development funding, publication of industrial technology guidance catalogs, demonstration and extension, and other methods, for the following S&T achievement conversion projects:

(1) Those that can significantly enhance industrial technology levels or economic benefits, or can form new industries that promote healthy social and economic development;

(2) Those that can significantly enhance national security capabilities and public security levels;

(3) Those that can rationally develop and utilize resources, save energy, reduce consumption, prevent environmental pollution, provide ecological protection, or enhance the ability to respond to climate change and to prevent or mitigate disasters;

(4) Those that can improve the people's livelihoods and raise public health levels;

(5) Those that can promote modern agriculture or rural economic development;

(6) Those that can accelerate the social and economic development of ethnic minority regions, remote and border areas and poverty-stricken areas.

**Article 13** By formulating policy measures, the State shall advocate and promote the adoption of advanced technologies, processes and equipment, and continuously improve, limit the use of, or eliminate backward technologies, processes and equipment.

**Article 14** The State shall strengthen standards-setting work, and formulate national standards and industry standards, in accordance with law and in a timely fashion, for new technologies, new processes, new materials, and new products, and it shall actively participate in international standards setting, and promote the extension and application of advanced and appropriate technology.

The State shall establish an effective system for the mutual conversion of military and civilian S&T achievements (军民科技成果相互转化), and refine collaborative innovation institutions and mechanisms for national defense S&T. For scientific research and production of military products, priority shall be given, in accordance with law, to adopting advanced and

appropriate civilian standards, so as to promote the mutual transfer and conversion of military and civilian technologies.

**Article 15** For key S&T achievement conversion projects organized and implemented by people's governments at all levels, the relevant departments may organize the use of open tender methods to implement conversion. The relevant departments shall provide the successful bidders the funding or other resources determined at the time of tender.

**Article 16** Holders of S&T achievements may use the following methods to carry out S&T achievement conversion:

- (1) Implementing conversion with one's own investment;
- (2) Transferring ownership (转让) of the S&T achievements to others;
- (3) Licensing others to use the S&T achievements;
- (4) Using the S&T achievements as cooperation inputs, and jointly implementing conversion with others;
- (5) Using the S&T achievements as capital for investment in exchange for shares or capital contribution proportions ("trade-in investment");
- (6) Other methods determined through consultation.

**Article 17** The State shall encourage institutes of higher learning ("universities") and R&D institutes to use methods such as ownership transfer, licensing or trade-in investment to transfer S&T achievements to other organizations.

State-established R&D institutes and universities shall strengthen their management, organization and coordination of S&T achievement conversion, promote establishment of S&T achievement conversion teams, optimize the S&T achievement conversion process, and carry out technology transfer through their own organizations responsible for technology transfer work or through commissioned independent S&T achievement services organizations.

**Article 18** State-established R&D institutes and universities may decide independently among ownership transfer, licensing and trade-in investment for the S&T achievements they hold, but prices shall be determined by means of agreement-based pricing, listing and trading on technology trading markets, auctions, etc. In the case of agreement-based pricing, public notice of the names of technologies and proposed prices shall be made at the organizations concerned.

**Article 19** For work-related S&T achievements obtained by state-established R&D institutes and universities, the individuals who made or participated in making the achievements may, on the condition that there is no change in the ownership of the work-related S&T achievements, carry out conversion of those S&T achievements according to agreements with their respective organizations, and enjoy the rights and interests stipulated in such agreements. Such organizations shall give support to the aforesaid S&T achievement conversion activities.

Neither those who make S&T achievements nor project leaders shall obstruct the conversion of work-related S&T achievements. They shall not appropriate work-related S&T achievements or their technical materials or data for themselves, nor shall they infringe on the legitimate rights and interests of organizations.

**Article 20** The departments in charge (主管部门) of R&D institutes and universities, as well as the finance, science and technology and other relevant administrative departments, shall establish performance assessment and evaluation systems conducive to promoting S&T achievement conversion, make S&T conversion circumstances an important component of, and basis for, evaluating relevant institutions and personnel, and providing financial support, and shall increase scientific research financial support for relevant institutions and personnel with outstanding performance in the conversion of S&T achievements.

State-established R&D institutes and universities shall establish systems for professional title appraisal, job position management, and assessment and evaluation, that conform to the characteristics of S&T achievement conversion work, and shall refine income allocation and incentive and restraint mechanisms.

**Article 21** State-established R&D institutes and universities shall submit annual reports to their departments in charge on their S&T achievement conversion circumstances, describing the numbers and conversion implementation circumstances of S&T achievements their organizations have obtained in accordance with law, as well as relevant income allocation circumstances, and the said departments in charge shall submit the annual reports on S&T achievement conversion circumstances to the finance, science and technology and other relevant administrative departments in accordance with regulations.

**Article 22** In order to adopt new technologies, new processes and new materials, and to produce new products, enterprises may publish information themselves, or entrust S&T intermediary service institutions to solicit the S&T achievements they need, or seek S&T achievement conversion partners.

The science and technology administrative departments and other relevant departments of local people's governments at the county level and above shall, based on the division of duties, provide enterprises help and support in obtaining the S&T achievements they need.

**Article 23** Enterprises are entitled, in accordance with law, to implement S&T achievement conversion independently, or jointly with overseas or domestic enterprises, public institutions<sup>2</sup> and other partners.

---

<sup>2</sup> Translator's note: "Public institutions" (事业单位) are organizations created and led by PRC government departments that provide social services. Unlike state-owned enterprises (SOEs), public institutions do not create material products and do not generate income. Public institutions are not considered government agencies, and their employees are not civil servants. Most public institutions are fully or partially government-funded, but some fully privately funded (but still government-led) public institutions exist. Public institutions typically provide services in areas such as education, science and technology, culture, health, and sanitation.

Enterprises may, by means of fair competition, undertake S&T research and development and S&T achievement conversion projects independently or jointly with other organizations.

**Article 24** For S&T projects that are established with government funding and that have market application prospects and clear industrial targets, relevant government departments and administrative agencies shall give full play to the leading role of enterprises in the selection of R&D directions, implementation of projects and application of achievements, and shall encourage enterprises, R&D institutions, universities and other organizations to carry out joint implementation.

**Article 25** The State shall encourage R&D institutions and universities to implement S&T achievement conversion jointly with enterprises.

R&D institutions and universities may participate in the bidding and tendering activities of relevant government departments or enterprises for implementing S&T achievement conversion.

**Article 26** The State shall encourage enterprises, R&D institutions, universities and other organizations to adopt industry-academia-research institute (产学研) cooperation methods such as jointly establishing R&D platforms, technology transfer institutions, or technology innovation alliances, and to jointly carry out research and development, application and extension of achievements, research and formulation of standards, and other activities.

Cooperating parties shall sign agreements stipulating, in accordance with law, the organizational form of cooperation, the division of tasks, investment of funds, ownership of intellectual property rights, allocation of rights and interests, risk sharing, liability for breach of contract, etc.

**Article 27** The State shall encourage R&D institutions and universities to organize exchanges of S&T personnel with enterprises and other organizations, to hire S&T personnel of enterprises and other organizations to engage in teaching and research work part time (兼职), based on professional characteristics and the technology development needs of industrial fields, and to support their own S&T personnel in going to enterprises and other organizations to engage in S&T achievement conversion activities.

**Article 28** The State shall support the joint establishment, by enterprises together with R&D institutions, universities, vocational colleges and training institutions, of internship and practical training bases for students and practical scientific research work institutes for graduate students.

**Article 29** The State shall encourage agricultural research institutions and agricultural experimentation and demonstration organizations to implement agricultural S&T achievement conversion, either independently or with other organizations.

**Article 30** The State shall incubate and develop technology markets, and encourage the founding of S&T intermediary service institutions to provide trading venues and information platforms, as well as information retrieval, processing and analysis, evaluation, brokering and other services, for technology trading.

When providing services, S&T intermediary service institutions shall conform to the principles of impartiality and objectivity, shall not provide false information or certification, and shall have secrecy protection obligations with respect to the state secrets, and the trade secrets of the parties concerned, that they learn in the service process.

**Article 31** The State shall support the establishment of public R&D platforms, based on industrial and regional development needs, to provide services for S&T achievement conversion such as technology integration, universal technology (共性技术) R&D, intermediate and industrial testing, systematic and engineering-based development of S&T achievements, and technology promotion and demonstration.

**Article 32** The State shall support the development of S&T enterprise incubators, university S&T parks and other S&T enterprise incubation organizations, to provide incubation venues, entrepreneurial coaching, and R&D and management consulting to small- and medium-size enterprises in the startup phase.

### **Section III Assurance Measures**

**Article 33** Government funding for S&T achievement conversion shall be used primarily for S&T achievement conversion guidance funds, loan subsidies, grants, and venture capital investment, as well as other uses that promote S&T achievement conversion.

**Article 34** The State shall, in accordance with the provisions of relevant tax laws and administrative regulations, implement tax preferences for S&T achievement conversion activities.

**Article 35** The State shall encourage banking industry financial institutions to innovate in the areas of organizational forms, management mechanisms and financial products and services, and encourage them to carry out loan business such as intellectual property-backed loans and equity-backed loans, so as to provide financial support for S&T achievement conversion.

The State shall encourage policy-oriented financial agencies (政策性金融机构) to adopt measures to increase financial support for S&T achievement conversion.

**Article 36** The State shall encourage insurance agencies to develop varieties of insurance that conform to the characteristics of S&T achievement conversion, and shall provide insurance services for S&T achievement conversion.

**Article 37** The State shall improve multi-level capital markets, and support enterprises in carrying out financing for S&T achievement conversion projects by means of equity transactions, issuance of stock and bonds in accordance with law, and other direct financing methods.

**Article 38** The State shall encourage venture capital institutions to invest in S&T achievement conversion projects.

Investment guidance funds established by the State shall guide and support investment by venture capital institutions in small- and medium-size technology enterprises in the startup phase.



**Article 39** The State shall encourage the establishment of S&T achievement conversion funds or venture funds, the funding sources of which are provided by national and local governments, enterprises, public institutions, and other organizations or individuals, to be used in supporting the conversion of high-input, high-risk and high-output S&T achievements, thereby accelerating the industrialization of major S&T achievements.

The establishment of S&T achievement conversion funds and venture funds, and the use of their capital, shall be executed in accordance with relevant national regulations.

#### **Section IV Technology Rights and Interests**

**Article 40** Where the organizations that make S&T achievements cooperate with other organizations in carrying out S&T achievement conversion, ownership of the relevant rights and interests pertaining to the S&T achievements shall be stipulated by contract in accordance with the law. Where there is no such stipulation by contract, the handling shall be in accordance with the following principles:

(1) Where there are no new inventions or creations in the course of cooperation on conversion, the rights and interests pertaining to the S&T achievements shall belong to the organization that made the S&T achievements;

(2) Where new inventions or creations are generated in the course of cooperation on conversion, ownership of the rights and interests pertaining to the new inventions or creations shall be shared by all the cooperating parties;

(3) For S&T achievements generated in the course of cooperation on conversion, all of the parties shall have the right to implement such S&T achievements, and the transfer of such S&T achievements shall be subject to the consent of all of the cooperating parties.

**Article 41** Where organizations that make S&T achievements cooperate with other organizations in carrying out S&T achievement conversion, all of the cooperating parties shall conclude an agreement on the protection of technical secrets; the parties concerned shall not breach the agreement nor violate the requirements of the rightful owners regarding the protection of technical secrets, and shall not disclose or permit others to use the technologies.

**Article 42** Enterprises and public institutions shall establish and improve systems for the protection of technical secrets, so as to protect their own technical secrets. Employees shall comply with the technical secret protection systems of their organizations.

Enterprises and public institutions may sign agreements with relevant personnel who participate in S&T achievement conversion on the protection of technical secrets during their service or within a specified period of time after their separation or retirement; relevant personnel shall not breach such agreements, disclose the technical secrets of their organizations, or engage in the same S&T achievement conversion activities as those of their former organizations.

Employees shall not engage in the unauthorized transfer, or disguised transfer, of work-related S&T achievements.

**Article 43** All income received by state-established R&D institutes and universities from S&T achievement conversion shall be retained by the organizations themselves, and, after rewards and compensation are given to personnel who made important contributions to the making and conversion of work-related S&T achievements, it shall be used primarily for S&T research and development, achievement conversion, and other related work.

**Article 44** After the conversion of work-related S&T achievements, the organizations that made and converted the S&T achievements shall give rewards and compensation to personnel who made important contributions to the making and conversion of the S&T achievements.

Organizations that make S&T achievements may prescribe, or reach an agreement with their technical personnel on, the methods, amounts and time limits of rewards and compensation. In formulating relevant provisions, organizations shall listen fully to the opinions of their S&T personnel, and make relevant provisions public at their own organizations.

**Article 45** Where organizations that make S&T achievements fail to either prescribe or reach an agreement with their technical personnel on the methods and amounts of rewards and compensation, rewards and compensation shall be given to personnel who make important contributions to the making and conversion of work-related S&T achievements in accordance with the following standards:

(1) Where the work-related S&T achievements are transferred or licensed to others for implementation, at least 50 percent of the net income from the transfer or licensing of such S&T achievements shall be withdrawn for rewards and compensation;

(2) Where the work-related S&T achievements are used for trade-in investment, at least 50 percent of the shares or capital contribution proportions formed from the S&T achievements shall be withdrawn for rewards and compensation;

(3) Where the work-related S&T achievements are implemented by the organizations themselves or through cooperation with others, at least 50 percent of the operating profits from implementing such S&T achievements shall be withdrawn for rewards and compensation each year, for three to five years, consecutively, after their conversion into practical applications and the successful commissioning thereof.

Where state-established R&D institutes and universities prescribe or reach an agreement with their technical personnel on the methods and amounts of rewards and compensation, such methods and amounts shall conform to the standards prescribed in sub-paragraphs (1)-(3) of the preceding paragraph.

Expenditures for rewards and compensation given in accordance with the provisions of this Law by state-owned enterprises (SOEs) and public institutions to personnel who make important contributions to the making and conversion of work-related S&T achievements shall be included in the total payroll of their organizations for the current year, but they shall not be subject to the current year total payroll limits of those organizations, nor shall they be included in the total payroll base of those organizations.

## **Section V Legal Liability**

**Article 46** Where project parties of S&T projects established using government funding fail to submit S&T reports, or fail to summarize and submit information on S&T achievements and related intellectual property, in accordance with the provisions of this Law, the relevant government departments and administrative agencies that organized implementation of the projects shall order them to remedy the situation; where the circumstances are severe, they shall be given a notice of criticism and prohibited from undertaking, within a specified period of time, S&T projects established using government funding.

Where state-established R&D institutes or universities fail to submit annual reports on S&T achievement conversion circumstances in accordance with the provisions of this Law, their departments in charge shall order them to rectify the situation; where the circumstances are severe, they shall be given a notice of criticism.

**Article 47** Where, in S&T achievement conversion activities, there is falsification, use of deceptive means, fraudulent rewards or honorary titles, money obtained by false pretense, or illegal profits, in violation of the provisions of this Law, the relevant government departments shall, in accordance with their administrative duties, order that the situation be rectified, and shall revoke the rewards or honorary titles, confiscate unlawful gains, and impose fines. Those who cause financial losses on the part of others shall bear civil liability in accordance with law. Where these actions constitute a crime, the parties shall be investigated for criminal liability, in accordance with law.

**Article 48** Where S&T service institutions or their employees, in violation of the provisions of this Law, willfully provide false information, experimental results, appraisal opinions, etc., to deceive concerned parties, or collude with one party to deceive another concerned party, the relevant government departments shall, in accordance with their administrative duties, order them to rectify the situation, and shall confiscate unlawful gains and impose fines; where the circumstances are severe, their business licenses shall be suspended by the administrative departments for industry and commerce in accordance with law. Those who cause financial losses on the part of others shall bear civil liability in accordance with law; where these actions constitute a crime, the parties shall be investigated for criminal liability, in accordance with law.

Where S&T intermediary service institutions or their employees disclose state secrets or the trade secrets of concerned parties in violation of the provisions of this Law, they shall bear corresponding legal liability in accordance with relevant laws and administrative regulations.

**Article 49** Where S&T administrative departments and other relevant departments or their employees abuse their powers, neglect their duties, or abuse their positions for personal gain, in the course of S&T achievement conversion, the supervisors directly responsible and other directly responsible personnel shall be sanctioned in accordance with law by the agency in charge of appointment and dismissal or by a supervisory agency. Where these actions constitute a crime, the parties shall be investigated for criminal liability, in accordance with law.

**Article 50** Those who, in violation of the provisions of this Law, instigate theft, or use inducement, coercion or other means to misappropriate the S&T achievements of others, or infringe on the legitimate rights and interests of others, shall bear civil liability for compensation, and may be punished with a fine. Where these actions constitute a crime, the parties shall be investigated for criminal liability, in accordance with law.

**Article 51** Where, in violation of the provisions of this Law, employees disclose their organizations' technical secrets without permission, or engage in the unauthorized transfer, or disguised transfer, of work-related S&T achievements, or where relevant personnel who participate in S&T achievement conversion engage in the same S&T achievement conversion activities as those of their former organizations within the agreed time limit after their separation or retirement, in breach of their agreements with their organizations, causing economic losses to those organizations, they shall bear civil liability for compensation. Where these actions constitute a crime, the parties shall be investigated for criminal liability, in accordance with law.

**Section VI Supplementary Provisions**

**Article 52** This Law shall be implemented from October 1, 1996.