

**LAW ON INNOVATION ACTIVITIES**  
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**I. BASIC PROVISIONS**

**Subject-Matter**

**Article 1**

This Law regulates the organization, conditions and the manner of financing innovation activities, as well as other issues of importance for the innovation activities.

**Innovation Activities**

**Article 2**

Innovation activities shall include all activities undertaken for the purpose of creation and application of new or improvement of existing technologies, procedures, products, services and processes, in accordance with the market needs.

With a view to determine priorities, encourage and monitor the development of innovation activities, the Strategy of Innovation Activities (hereinafter: the Strategy) shall be adopted.

**Innovation**

**Article 3**

Innovation is the practical application of new or a significant improvement of existing products, goods, services, procedures, processes, organization and marketing, contributing to the creation of new value and quality in their application.

**Availability**

**Article 4**

The performance of innovation activities shall be free and available to everyone under equal conditions.

**Performing Innovation Activities**

**Article 5**

Innovation activities shall be performed by innovation organizations and other entities, domestic and foreign legal and natural persons, in accordance with this Law.

Innovation organizations, as defined in paragraph 1 of this Article, are scientific-research institutions, centres of excellence, higher education institutions, centres for technology transfer, science and technology parks, centres for innovation and entrepreneurship, business incubators and companies or parts of companies.

**Supervision**

**Article 6**

Supervision over the implementation of this Law shall be conducted by the state administration body in charge of science affairs (hereinafter: the Ministry).

## Use of Gender-Sensitive Language

### Article 7

The terms used in this Law for natural persons in the masculine gender shall equally refer to the same terms in the feminine gender.

## Definitions

### Article 8

The terms used in this Law shall have the following meanings:

**1) product innovation** is placement into market of goods or services that have new or significantly improved technical characteristics, components and materials, built-in software, user orientation or other functional characteristics;

**2) process innovation** is the implementation of a new or significant improvement of an existing method of production or delivery, including significant changes in techniques, equipment, human resources, working methods and / or software;

**3) organizational innovation** is the introduction of significant changes in the organizational structure, advanced methods in the business of a company, organization of the working environment and relationships with other companies;

**4) marketing innovation** is the application of a new or significantly improved marketing method involving significant changes in the product design or packaging, product placement, promotion and pricing method;

**5) start-up** is a newly formed company established with the aim of developing innovation ideas or business models and their commercialization on the market;

**6) spin-off** is a newly formed company created as a result of scientific research, technology transfer or separation from the existing company, with a view to commercial exploitation of research results or innovations;

**7) consultancy services** are services of providing advice to innovation organizations and other companies to improve their innovation activities;

**8) risk (venture) capital** refers to investment in the founding capital of innovation organizations and companies and / or companies with high potential for development.

## **II. INNOVATION ACTIVITIES**

### **Strategy**

#### **Article 9**

The Strategy shall determine:

- 1) Specific objectives of the development of innovation activities;
- 2) Priority innovation programmes and projects of common interest;
- 3) Supervision over the implementation of innovation programmes and projects;
- 4) Method of funding innovation programmes and projects;
- 5) Infrastructure to support the development of innovation; and
- 6) Other issues of importance for the performance of innovation activities.

The Strategy shall be adopted by the Government of Montenegro (hereinafter: the Government), at the proposal of the Council for Scientific-Research Activities, for a period of five years.

### **Evaluation of Innovation Programmes and Projects**

#### **Article 10**

Evaluation of innovation programmes and projects referred to in Article 9, paragraph 1, item 2 of this Law that are financed from the state budget shall be carried out by experts in the field of science to which the programme or project relates – the experts being appointed by the Ministry.

### **Competition**

#### **Article 11**

In order to finance innovation programmes and projects referred to in Article 10 of this Law, the Ministry shall announce a competition.

### **Innovation Programmes and Projects**

#### **Article 12**

Detailed conditions and procedure for granting and use of funds for innovation programmes and projects referred to in Article 10 of this Law shall be prescribed by the Ministry.

### **Agreements on Implementation of Innovation Programmes and Projects**

#### **Article 13**

The mutual rights and obligations between the Ministry and the beneficiary of the funds approved for innovation programmes and projects referred to in Article 10 of this Law shall be regulated by an agreement.

## **Intellectual Property Rights**

### **Article 14**

The use of intellectual property rights arising from the results of research on an innovation programme or project shall be regulated in accordance with the regulations governing intellectual property rights.

## **III. INNOVATION ORGANIZATIONS**

### **1. Joint Provisions**

#### **Innovation Organizations**

### **Article 15**

Innovation activities may be performed by a legal person established in accordance with a separate law and registered in the Register of Innovation Organizations (hereinafter: the Register).

#### **Conditions for Registration in the Register**

### **Article 16**

A legal person may be registered in the Register, if:

- 1) It is registered in the Central Register of Companies;
- 2) It is implementing a programme of innovation activities;
- 3) It has provided personnel, facilities and equipment for carrying out innovation activities;
- 4) It has provided funds for work; and
- 5) It has provided hygienic – technical conditions, in accordance with a separate law.

Detailed conditions referred to in paragraph 1 items 3 and 4 of this Article shall be prescribed by the Ministry.

#### **Request for Registration in the Register**

### **Article 17**

A legal person shall, before it starts performing innovation activities, submit a request for registration in the Register to the Ministry.

The request referred to in paragraph 1 of this Article shall be accompanied by the proof that the conditions referred to in Article 16 paragraph 1 items 2 to 5 of this Law have been met.

The Ministry provides the proof that the condition referred to in article 16 paragraph 1 item 1 of this Law has been met, ex officio.

In the process of registration in the Register, the Ministry shall check whether the legal person meets the conditions prescribed by this Law, making an adequate decision thereon.

## **Register**

### **Article 18**

A legal person that is issued a decision on performing innovation activities shall be registered in the Register.

The Register shall be kept in the Ministry.

Content of the Register, the manner of registration and deletion from the Register shall be prescribed by the Ministry.

## **Verification of Fulfilment of Conditions**

### **Article 19**

The Ministry shall verify the fulfilment of conditions by innovation organizations registered in the Register at least once in three years.

The Ministry shall delete from the Register an innovation organization that does not meet the conditions prescribed by this Law.

## **2. Types of Innovation Organizations**

### **Scientific-Research Institutions, Centres of Excellence and Higher Education Institutions**

#### **Article 20**

Scientific-research institutions, centres of excellence and higher education institutions shall constitute innovation organizations if they carry out innovation activities by implementing developmental research based on the results of applied research, which relate to the creation and use of new or improvement of existing technologies, procedures, products, services and processes.

Institutions referred to in paragraph 1 of this Article may organize special organizational units for carrying out innovation activities for the implementation of innovation programmes or projects.

### **Centres for Technology Transfer**

#### **Article 21**

Centres for technology transfer may be established by a university, a centre of excellence and a science and technology park, with a view to performing the transfer of new technology to companies, applying new or improving existing technologies, procedures, products, services and processes; encouraging the implementation and commercialization of technology transfer, consultancy services and providing assistance in the protection and use of intellectual property rights.

### **Science and Technology Parks**

#### **Article 22**

A science and technology park is an innovation organization, founded as a company, which provides specialized infrastructure and services, information system, professional and consultancy services in several areas of science, to users of services scientific-research

institutions, higher education institutions and other innovation organizations and companies, with the aim of connecting them; stimulating and managing the transfer of knowledge and high technologies; improving the internationalization and commercialization of research; creating new innovation companies; encouraging, creating and applying new or improving existing technologies, procedures, products, services and processes on the market, based on supreme research results, for the purpose of economic development of regions or states.

A user of services referred to in paragraph 1 of this Article shall be granted the status of a member of a science and technology park.

The mutual rights and obligations between a science and technology park and its members shall be regulated by contract.

### **Centre for Innovation and Entrepreneurship**

#### **Article 23**

A centre for innovation and entrepreneurship is an innovation organization, founded as a company, which provides specialized infrastructure and services, information system, professional and consultancy services, support for cooperation with potential partners for participation in national and international programmes, projects and funds, in certain fields of science, to users of services scientific-research institutions, higher education institutions and other innovation organizations and companies, with the aim of connecting them, creating and applying new or improving existing technologies, procedures, products, services and processes on the market, and the transfer of knowledge and technologies in the production and services, for the purposes of economic development at the local or regional level.

A centre for innovation and entrepreneurship may be a member of a science and technology park.

The mutual rights and obligations between centres for innovation and entrepreneurship and service users or science and technology parks shall be regulated by contract.

### **Business Incubators**

#### **Article 24**

A business incubator is an innovation organization, founded as a company, which provides administrative, technical, advisory and other services to users of start-up and spin-off companies, in the first years of business, in order to support their development.

The mutual rights and obligations between business incubators and service users shall be regulated by contract.

## **3. Other Entities that May Perform Innovation Activities**

### **Companies**

#### **Article 25**

Innovation activities may be performed by companies or parts of companies, if within the scope of their activities they are implementing and applying innovations resulting from their own developmental research or from the research of other innovation organizations.

## **Inventor – Innovator**

### **Article 26**

Innovation activities may be performed by a natural person, inventor – innovator, who independently deals with research and achieves innovation results or a conceptual design, new product or technology in production; programme system; significant improvement of existing products and technologies; prototype; new methods; new genetic material, etc.

## **IV. FINANCING**

### **Financing Innovation Organizations**

#### **Article 27**

An innovation organization may receive funds from:

- 1) The state budget;
- 2) Local self-government budget;
- 3) Revenue generated by providing services, professional and consultancy services;
- 4) National and international programmes, projects and funds;
- 5) Donations, sponsorships and legacies;
- 6) Venture capital funds; and
- 7) Other sources.

### **Priority for Co-Financing**

#### **Article 28**

The Government may determine the priorities in the co-financing of innovation programmes and projects implemented under the international cooperation programmes, as well as programmes of general interest.

### **Tax Incentives and Stimulating Measures**

#### **Article 29**

Through tax incentives and other stimulating measures, the state may encourage legal and natural persons to invest funds in the realization of innovation activities stipulated in this Law.

## **V. TRANSITIONAL AND FINAL PROVISION**

### **Deadline for Adoption of By-Laws**

#### **Article 30**

Regulations for the implementation of this Law shall be passed within one year from the date of entry into force of this Law.

### **Entry into Force**

#### **Article 31**

This Law shall enter into force on the eighth day following that of its publication in the Official Gazette of Montenegro.