



Bélimpe 65

**MODEL LAW
FOR
DEVELOPING COUNTRIES
ON
INVENTIONS**



E 231989
BIRPI. L. (a)

Cap. 1

UNITED INTERNATIONAL BUREAUX FOR
THE PROTECTION OF INTELLECTUAL PROPERTY
(B.I.R.P.I.)

**MODEL LAW
FOR DEVELOPING COUNTRIES
ON INVENTIONS**

GENEVA
1965

B.I.R.P.I. PUBLICATION
No. 801 (E)
Price: 12 Swiss francs

410/1966

The International Union for the Protection of Industrial Property was founded in 1883. BIRPI, the Secretariat of this, one of the oldest intergovernmental organizations of the world, has never ceased, in these past 80 years, to assist countries in their problems of legislation in the field of patents, trademarks, industrial designs, and all the other forms of industrial property.

The task of legal technical assistance has, however, never been so vast and so urgent as it is today, when dozens of countries have only recently acceded to independence. The Model Law herein reproduced is intended for these and other developing countries.

It is hoped that the Model Law will help developing countries to achieve one of their most urgent goals, rapid industrialization.

G. H. C. BODENHAUSEN
Director of B.I.R.P.I.

Geneva, May 1965.

BUREAUX INTERNATIONAUX RÉUNIS
POUR LA PROTECTION DE LA
PROPRIÉTÉ INTELLECTUELLE
BIBLIOTHÈQUE

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**HISTORY OF THE
MODEL LAW**

HISTORY OF THE MODEL LAW

The idea of a model law for developing countries on inventions and technical know-how originated in the Committee of Experts to Study Industrial Property Problems of Industrially Less Developed Countries which met at BIRPI's invitation in Geneva in 1963.

This Committee unanimously adopted a recommendation which, among other things, provided

“ that BIRPI should undertake to prepare a draft of a model law for the protection of inventions and technical improvements, taking into account the various existing systems, and accompanied by explanatory notes.”¹

BIRPI did prepare such a draft model law and commentary early in 1964² and sent it for study and possible observations to the Governments of 69 countries which, at the United Nations Conference on Trade and Development (UNCTAD, Geneva, 1964), considered themselves developing³ and to the Governments of those States members of the International Union for the Protection of Industrial Property which were not among the said 69 countries. The drafts were also submitted to the United Nations and several other intergovernmental and non-governmental international organizations.

The same drafts were then submitted to a Committee of Experts, invited by BIRPI, which met in Geneva in October 1964. This “ Model Law Committee ” was composed of representatives of 22 countries, all of them “ developing ” according to the UNCTAD criteria: Algeria, Argentina, Ceylon, Chile, Colombia, Dominican Republic, El Salvador, Haiti, India, Indonesia, Iran, Israel, Kenya, Mexico, Nicaragua, Nigeria, Sierra Leone, Sudan, Tanzania, Thailand, Uganda, Venezuela.

The United Nations—which in the meantime adopted resolutions calling for legal technical assistance in this field to developing countries⁴—and other intergovernmental and non-governmental international

¹ Document PJ/25/5 Rev. Annex 4. Geneva, 21/23 October 1963.

Recommendation. — The Committee of Experts to study the problems of countries in course of industrial development in the field of industrial property, meeting in Geneva on the 21st, 22nd and 23rd October, 1963,

Having considered all the problems concerning industrial property in countries in course of industrial development,
Recommends

1. that, especially in the light of the important contribution industrial property protection makes to economic development, the countries in course of industrial development:

(a) should establish legislation and an administration appropriate to their needs in the field of industrial property; and
(b) so far as they are not members of the Paris Union for the Protection of Industrial Property, should consider the possibility of adhering to that Union taking into account the advantages of such an adhesion;

2. that BIRPI should undertake to prepare a draft of a model law for the protection of inventions and technical improvements, taking into account the various existing systems, and accompanied by explanatory notes;

3. that BIRPI should put in hand a programme of technical assistance for the benefit of member countries of the Paris Union and should request for this purpose a voluntary contribution from the member countries, from industry and from the international funds of the United Nations Organization;

4. that the Secretary-General of the United Nations Organization should be requested to invite BIRPI to send an observer to the United Nations Conference on Trade and Development to be held in Geneva in 1964 in order that BIRPI shall be fully apprised of matters relevant to the interests of the Paris Union that are taken up at that Conference.

² Documents PJ/34/2 and 3.

³ Afghanistan, Algeria, Argentina, Bolivia, Brazil, Burma, Burundi, Cambodia, Ceylon, Chile, China (Taiwan), Colombia, Congo (Leopoldville), Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Ethiopia, Ghana, Guatemala, Guinea, Haiti, Honduras, India, Indonesia, Iran, Iraq, Israel, Jamaica, Jordan, Kenya, Korea, Kuwait, Laos, Lebanon, Liberia, Libya, Malaysia, Mali, Mexico, Mongolia, Morocco, Nepal, Nicaragua, Nigeria, Pakistan, Panama, Paraguay, Peru, Philippines, Rwanda, Saudi Arabia, Sierra Leone, Somalia, Sudan, Syrian Arab Republic, Tanzania, Thailand, Togo, Trinidad and Tobago, Tunisia, Uganda, United Arab Republic, Uruguay, Venezuela, Viet-Nam, Western Samoa, Yemen.

Members of the African and Malagasy Industrial Property Organization, although also listed as developing in UNCTAD, were not among the 69 because they had recently already adopted a uniform patent law.

⁴ Recommendation A. IV. 26 of UNCTAD and Resolution 1013 (XXXVIII) of ECOSOC.

organizations were invited to delegate observers to the Committee and these observers actively participated in the discussions.

The list of participants is reproduced on page 121.

The Model Law Committee was called to discuss the provisions of a model law. It was not called upon to decide whether or not adoption of a law for the protection of inventions and technical know-how was desirable for a developing country. This, more basic, question was discussed in the preceding Committee in 1963 which, in the terms of its Rapporteur, expressed the following views on it:

“ From a general discussion of this question it appeared that it was difficult to generalize for all individual countries since the problems concerning each were peculiar to that particular country. It was necessary to consider the economic, social, technical and cultural structure which each country has adopted or may wish to adopt. Nevertheless, it was thought that these countries had at least one element in common, namely that it was their aim to achieve as quickly as possible the same technical level as the more developed countries and that protection of industrial property would favour this result.

It was accepted that the grant of industrial property rights must be real and give a meaningful inducement to investors and inventors without being permitted to be exercised in such a way as to thwart legitimate national interests.

It was concluded that legislation should be established which would ensure a proper protection of industrial property while, at the same time, safeguarding the national requirements of each country and its economic needs.”¹

The same question was also studied by the United Nations Secretariat which presented an exhaustive and penetrating report on it under the title *The Role of Patents in the Transfer of Technology to Developing Countries*.²

In these circumstances, the Model Law Committee proceeded on the assumption that a law for the protection of inventions and technical know-how was generally useful to developing countries, and concentrated on the task of improving the contents and the form of the drafts presented to it by BIRPI.

Throughout the discussions of the Model Law Committee it was emphasized that the text so prepared was a *model*, and *not* the draft of a *uniform* law. In other words, each country wishing to have a new law on inventions and technical know-how was free to follow or not the provisions of the Model Law and it would be only natural if such a country changed certain provisions in the Law if it was of the opinion that they needed adjustment to the country's special needs, traditions, or legal system.

Trying to look at the drafts from the viewpoint of the “ average developing country,” the Model Law Committee examined, section by section, the drafts submitted by BIRPI and gave its advice on the amendments to be made both in the text of the Law and in the commentary accompanying such text.

On the last day of its meeting, on October 23, 1964, the Model Law Committee adopted a recommendation which, in respect of the draft of the text and the commentary expressed the view³:

¹ Document PJ/25/5 Rev.

² No. E/3861/Rev. 1.

³ The full text of the Recommendation is as follows:

“ The Committee of Experts on a draft model law for developing countries on the protection of inventions and know-how, convened by the United International Bureaux for the Protection of Intellectual Property (BIRPI) and composed exclusively of representatives of Governments of developing countries,

Having met at Geneva from October 19 to 23, 1964,

After having examined, together with the observers of international intergovernmental and non-governmental organizations, the draft model law and the explanatory statement accompanying it (documents PJ/34/2 and 3) prepared by BIRPI and communicated to the invited Governments and Organizations in June 1964,

Expresses the view that the draft respects the special needs of developing countries and represents a useful model for legislation in these countries.

Recommends that the draft model law and the explanatory statement, as revised on the basis of the discussions of the Committee, should be transmitted to the Governments of developing countries invited to the meeting, to the Governments

“ that the draft respects the special needs of developing countries and represents a useful model for legislation in these countries ”;

and recommended:

“ that the draft Model Law and the explanatory statement, as revised on the basis of the discussions of the Committee, should be transmitted to the Governments of developing countries invited to the meeting¹, to the States members of the International Union for the Protection of Industrial Property (if not already falling into the preceding category), to the Secretary-General of the United Nations, and to the other international organizations invited to the meeting.”

The same recommendation also provided that:

“ BIRPI should keep in touch with the Governments of developing countries...and should continue to offer to them: (i) assistance, on the basis of the revised draft law and its explanatory statement, in connection with the adaptation or adoption of legislation in the field of inventions...”

It may be useful to mention, not only in the individual communications addressed to the Governments of each of the developing countries, but also here, that BIRPI is at their disposal if they should want to have supplementary information on the history of the Model Law or its exact meaning; if they wish to consult on changes, adaptations, and questions of integrating the Model Law into their own legal system; or if they wish to consult in connection with any other aspects of a plan to adopt a law on the subject of inventions and technical know-how, or adapt their present law to their present needs.

of the States members of the International Union for the Protection of Industrial Property (if not already falling into the preceding category), to the Secretary-General of the United Nations, and to the other international organizations invited to the meeting.

Recommends that BIRPI should keep in touch with the Governments of developing countries and with all international organizations, conferences or other bodies which deal with the problems of developing countries, and should continue to offer to them:

- (i) assistance, on the basis of the revised draft law and its explanatory statement, in connection with the adaptation or adoption of legislation in the field of inventions;
- (ii) assistance in the evaluation of the role that industrial property and its protection play in the industrialization of developing countries;
- (iii) assistance in training qualified personnel to administer industrial property legislation;
- (iv) assistance in the establishment and efficient running of national or regional industrial property offices.

Notes with satisfaction that BIRPI plans to establish draft model laws for developing countries on the protection of trademarks and other forms of industrial property and to submit for advice and review such drafts to committees of experts of developing countries to be called in 1965 on trademarks and in 1966 on other forms of industrial property.”

¹ I.e., the 69 countries referred to above.

**TEXT AND COMMENTARY
OF THE MODEL LAW**

TEXT AND COMMENTARY OF THE MODEL LAW FOR DEVELOPING COUNTRIES ON INVENTIONS

GUIDING PRINCIPLES OF THE MODEL LAW

The Model Law wishes to *encourage inventiveness and industrial investment* through adequate protection for inventions and technical know-how *in a way which seems to be the most satisfactory for developing countries in need of rapid industrialization.*

Grant of patents is the traditional means of encouraging *inventive activity* and the *necessary investments* for research and for *industrial exploitation of inventions*. Roughly speaking, a patent is a document issued by a Government authority (usually called "Patent Office") to the inventor or his successor in title, the main legal and economic consequence of which is that, for a certain number of years (for example, 20), the invention may be exploited only by the owner of the patent or with his permission.

The patent system serves not only the interests of the inventor. Patents are published. Consequently, the invention described in them becomes public knowledge. This serves the interest of the general public in various ways. Knowledge about the existence of an invention may inspire further new inventions during the time when the invention is protected. Once the protection ceases, anyone may freely exploit the invention. During its protection, persons who wish to exploit the invention might obtain licenses from the owner or, in certain special circumstances, even against the will of the owner ("compulsory licenses").

The special needs of developing countries are mainly served by the detailed provisions which the Model Law contains on contractual licenses, compulsory licenses, and licenses "of right," that is, by provisions preventing a patent from degenerating into a means of controlling importation without contributing, through an obligation to exploit the invention *in the country*, to the development of national economy and industry. In particular, the Model Law provides for the possibility of Government control of all license agreements which involve the payment of royalties abroad. Such a control should protect not only the national interest against excessive foreign influence in the economic field but also the country's balance of payments. The Model Law also prevents the patent owner from imposing on any licensee restrictions not deriving from the exclusive rights conferred by the patent.

The Model Law deals not only with patentable inventions but also, more generally, with *technical know-how* because such know-how, even when unpatented or unpatentable, is frequently an important element in technological development and the starting of new industries. In this respect it also provides for the same possibilities of Government control as in the case of patents. The title of the Model Law, because of the fact that the provisions on technical know-how are much less detailed and numerous than those on inventions proper, only refers to inventions, but implies thereby a scope extending beyond patented inventions.

The Model Law contains, in Annexes, two possible sets of additional provisions: one dealing with patents of introduction, the other with inventors' certificates. These two systems exist only in comparatively few countries of the world; the former mainly in Latin American countries, the latter in the Soviet Union and some other Socialist countries in Eastern Europe. The majority of the Model Law Committee agreed that provisions on these two legal institutions should be attached to the Model Law since they may be useful in countries with certain economic or social systems.

STRUCTURE OF THE MODEL LAW

The Model Law itself consists of three Parts of very unequal lengths: Part I deals with patents (Sections 1 to 52), Part II with technical know-how (Sections 53 to 57), and Part III with certain procedural provisions and the reference to Rules, both common to patents and technical know-how (Sections 58 and 59).

The Annexes to the Model Law contain a set of possible additional provisions on patents of introduction, and another set of possible additional provisions on inventors' certificates.

PART I: PATENTS

CHAPTER I: GENERAL PROVISIONS

The General Provisions deal with the conditions of patentability (Sections 1 to 5) and the application of the Law to foreigners (Sections 6 and 7).

TEXT

COMMENTARY

Section 1: Patentable Inventions

(1) Any invention which is new, results from inventive activity, and is capable of industrial application, is patentable.

(2) Any invention constituting an improvement upon a patented invention is patentable if it is new, results from inventive activity, and is capable of industrial application.

(3) Principles and discoveries of a scientific nature shall not be considered to be inventions.

Sub-section (1) enumerates the positive conditions of patentability. There are three of them, and each of them is defined in separate sections (Sections 2, 3 and 4): to be patentable, the invention must be new (Section 2), it must result from an inventive activity (Section 3), and it must be capable of industrial application (Section 4). Each of these requirements is explained in connection with the section which defines it (see below).

Sub-section (2) deals with what might be called patents of improvement. The provision means that the mere fact that an invention is, in a sense, the further development (improvement) of a patented invention does not mean that it cannot be patented. It can. And it can be patented without any cooperation on the part of the owner of the patent which the invention improves upon (see, for the relationship between these patents, Section 36).

The patentability of improvements may be particularly useful for developing countries because it may encourage local inventive talent to adapt foreign inventions to local conditions or otherwise make them more usable in their own country.

In the course of the deliberations of the Model Law Committee, it was mentioned that it might be advantageous for developing countries to grant patents of improvement for relatively simple modifications of inventions or techniques, even when "inventive activity" was lacking. However, the Model Law Committee did not adopt this idea. It was of the opinion that even adaptations to local conditions, to be patentable, should satisfy the normal requirements for patentability, as set out in Sections 2, 3 and 4.

Sub-section (3) excludes from patentability principles and discoveries of a scientific nature.

It is customary, for the purposes of patent law, to distinguish between scientific principles and discoveries

on the one hand and inventions on the other, as between things abstract and concrete.

Scientific principles and discoveries can be considered abstract, because they do not by themselves create new products or processes, capable of industrial application. Examples are mathematical theories or reasonings, as well as discoveries of hitherto unknown properties (e.g., radioactivity) of things or phenomena existing in nature. Such principles and discoveries are considered as inappropriate for legal protection, at least by patents.

On the other hand, inventions, even if they are sometimes based on an original scientific principle or a new scientific discovery, are concrete embodiments of ideas in new products or new processes, which can be industrially applied, and are therefore, as such, considered patentable.

This distinction and its consequences were unanimously admitted by the Model Law Committee as something evident, so much so that, in the view of at least some of the members, sub-section (3) could be omitted as superfluous. Such omission would be particularly justified if sub-section (1) were to start out with the words "Any invention *incorporated into a process or product...*" because the added words would make it clear that principles and discoveries of a scientific nature were not included.

However, the majority of the Model Law Committee preferred, for the sake of clarity, to maintain sub-section (3) of Section 1.

Section 2: Novelty

(1) An invention is new if it does not form part of the state of the art, the state of the art being constituted by everything made available to the public, anywhere and at any time whatever, by means of a written or oral description, by use, or in any other way, before the date of the filing of the patent application or the priority date validly claimed in respect thereof.

(2) An invention shall not be deemed to have been made available to the public solely by reason of the fact that, within the period of six months preceding the filing of the application for a patent, the inventor or his successor in title has exhibited it in an official or officially recognized international exhibition.

Sub-section (1) defines novelty and does so in a negative way: an invention is new if it does not form part of the state of the art. "State of the art" is constituted by everything made available to the public. It is a matter of indifference where (in the country or abroad), when (recently or a long time ago), and in what way the making available to the public occurred. As to the way, it might be by written or oral description (the latter, for example, in the course of a scientific lecture), by the use of the product or process incorporating the invention, or by any other means (for example, by demonstration or exhibition; the latter, however, subject to sub-section (2)). Of course, only such makings available to the public destroy novelty as took place *before* the filing date of the patent application, or, where a right of priority is validly claimed (see Section 15), as took place *before* the filing date of the application on the basis of which priority is claimed.

In all these cases, the making available must be to *the public*, that is, *any* person wishing to know about the invention should be able to learn about it, without special facilities of access. Private conversations

between scientists or industrialists, or demonstrations given to a few invited persons, do not constitute making available to the public.

The word "anywhere" means that the system chosen is what is generally known as the system of universal, international, or world-wide, novelty. The majority of the Model Law Committee favored this system but a minority was inclined to prefer a system of local or national novelty. In this latter system, making available to the public *outside* the territory of the country would not destroy novelty; only making available *in the country* would make the invention unpatentable. It is evident that, in this system of local novelty, it would be easier to obtain patents than in a system of universal novelty. The minority was of the opinion that a system of local novelty could be preferable for countries in a very early stage of their industrial development.

Other solutions could be evolved by combining various requirements. For example, one could require *universal* novelty in respect to written descriptions, and only *local* novelty in respect to oral description, use, exhibition, demonstration, and other means of making the product or process incorporating the invention available to the public.

The arguments for and against the systems of universal and local novelty may be summarized as follows:

If a developing country chooses the system of *local* novelty, then some products and processes would be considered, in that country, novel and patentable, notwithstanding the fact that the same were not novel and were not patentable in many or most other countries. The number of patent grants would thus be higher in that country than in other countries. This circumstance might be an advantage to a developing country because more patents encourage the introduction of new industries. On the other hand, it might be a disadvantage, in as much as it could constitute a burden on the trade of the patented product inside the country or in the relations with other countries, a burden of which the trade in and between other countries would be free.

Countries wishing to grant patents for inventions not novel and not patentable in other countries could do it in several ways. One would be to adopt local novelty. This would require the replacement of the words "anywhere and" by "in the country." Another solution would be to maintain universal novelty but to include in the Law also the provisions contained in the Annex dealing with patents of introduction. The latter solution would be an intermediate solution permitting, in special circumstances, the granting of patents even where the requirement of universal novelty was not fulfilled.

It has already been mentioned that another intermediate solution could consist of combining *universal*

novelty for written descriptions with *local* novelty for oral descriptions, use, exhibition, demonstration, and other means of making available to the public. Requiring only local novelty for the latter could find its natural justification in a problem of proof. It is usually far more difficult to produce evidence of oral description, use, etc., than of written descriptions whose exact contents, as well as dates of publication, are in most cases easy to verify. This difficulty of producing evidence of oral description, use, etc., would be aggravated if the oral description or use, etc., had happened in a foreign country. On the other hand, even oral descriptions, use, etc., abroad may, in some instances, be quite easy to prove, and then a system of universal novelty might give more equitable results. However, the combination of the two criteria is a possibility of which some countries might wish to make use.

Sub-section (2) deals with the case where an invention is shown in a public exhibition. Such an invention will not, solely because of the fact of its being exhibited, lose its patentability if the following three conditions are fulfilled: (i) the exhibition is international and either official or officially recognized, (ii) the showing of the invention was caused by the inventor or his successor in title, (iii) the filing of the patent application occurs within six months from the time of the exhibition. It is, of course, up to the Courts of the country in which the provision is invoked to decide whether the three conditions were fulfilled, and particularly whether the international exhibition was an official or officially recognized exhibition in the country where this exposition took place.

Section 3: Inventive Activity

An invention shall be considered as resulting from inventive activity if it does not obviously follow from the state of the art, either as to the method, the application, the combination of methods, or the product which it concerns, or as to the industrial result it produces.

An invention, to be an invention, is not only not allowed to *be part* of the state of the art, but it also is not allowed to *be obviously deducible* from the state of the art. The first requirement is called novelty and is treated in the preceding Section. The second requirement is the requirement of "inventive activity"; it constitutes the subject matter of this Section. (As to the meaning of "state of the art," see Section 2.)

Thus, it is not enough that the invention be novel; it must also modify the state of the art in a manner which is surprising (non-obvious) to a person well versed in that branch of technical activity or "art". This element of non-obviousness may relate to the invented new method, to the invented new application, to the invented new combination of means (whether the means are known or were hitherto unknown), to the invented new product, or to the invented new industrial result (even where the methods and the products, as such, lack non-obviousness).

Consequently, a "mosaic" of known methods or elements may constitute a patentable invention if the mosaic, in itself, or because of the results it causes, is non-obvious.

Section 4: Industrial Application

An invention shall be considered as capable of industrial application if it can be manufactured or used in any kind of industry, including agriculture.

This Section deals with the third positive condition of patentability which is that the invention must be capable of industrial application. This condition is satisfied if the invention can be manufactured or used in industry. "Industry" means any kind of industry, including agriculture.

The object of an invention being either a product or a process, the provision leads to the following results:

A product is capable of both manufacture and use. Consequently, a product is capable of industrial application if it can be manufactured or used in industry (including agriculture).

A process is not capable of manufacture; it can only be used. Consequently, a process is capable of industrial application if it can be used in industry (including agriculture).

Section 5: Exceptions to Patentability

Patents cannot be validly obtained in respect of:

(a) plant or animal varieties or essentially biological processes for the production of plants or animals; this provision, however, does not apply to microbiological processes and the products thereof;

(b) inventions the publication or exploitation of which would be contrary to public order or morality, provided that the exploitation of an invention shall not be considered as contrary to public order or morality merely because the exploitation is prohibited by law or regulation.

This Section declares unpatentable certain inventions.

Paragraph (a) excludes from patentability *products* which are plant varieties (even if they are capable of "manufacture" or "use" in agriculture, within the meaning in which these two expressions are used in Section 4) or animal varieties or breeds, as well as essentially biological *processes* used for the production or breeding of new varieties of plants or animals. However, if the process is microbiological, or the product is obtained through a microbiological process, the exclusion does not apply—and the invention is patentable—because, in these cases, the process or product has, in reality, an industrial character.

Naturally, the provision does not mean that new plant varieties may not be protected by means other than patents. An example of such other means of protection might be found in the Convention for the Protection of New Varieties of Plants, signed at Paris on December 2, 1961 (not yet in force).

Paragraph (b) excludes from patentability inventions the publication or exploitation of which is or would be contrary to morality or public order.

In view of the fact that a patent merely confers on its owners the right to preclude other persons from the exploitation of the patented invention (see Section 21) but does not, in itself, authorize its owner to

exploit the invention, it is perfectly conceivable that patents are granted for inventions which the owner of the patent is not allowed to exploit because exploitation is prohibited by the laws or regulations of the country. Such prohibition may, for example, be based on the fact that certain industries are State monopolies. In such cases a patent may be granted, which will preclude all third parties, including the State, from exploiting the invention, except when contractual or compulsory licenses are granted.

These cases must be distinguished from the cases, covered by paragraph (b). This point relates to inventions the publication or exploitation of which would be contrary—not necessarily to laws and regulations—but to morality and public order. Inventions of this kind are not patentable.

The Model Law Committee gave careful consideration to the question of whether additional exclusions from patentability, for example, in the case of *pharmaceutical or food products*, should be provided for in the Law. Such exclusions exist in the patent laws of a certain number of countries, both developing and highly developed, and are generally based on the opinion that, in the case of products of vital interest to public health, the disadvantages of allowing the patentee to set the conditions of exploitation, during the term of the patent, are more important than the disadvantages of denial of patents.

In fact, the exclusion from patentability of these products, or certain kinds among them, would probably lead to freer importation and competition which might result in lower prices for the consumer in these vital sectors.

On the other hand, exclusion from patentability would hardly encourage inventiveness and industrial investment in the country itself as both depend, in a certain measure, on the patentability of the products under consideration. Furthermore, while the absence of patents might facilitate importation, it cannot, in itself, prevent importers from agreeing among themselves on the conditions of importation into, and sale in, the country. Finally, the absence of patents would render the control of the quality of the products more difficult, as manufacture, importation and sale would be free from any influence on the part of the inventor.

This is why, at least in certain cases, the Government of a country will be in a better position to defend the public interest if pharmaceutical and food products are patentable. The owner of the patent having then the right to exclude others from manufacture and importation, the Government may, through a system of contractual or compulsory licenses, compel him to respect the interests of the public.

On the basis of these considerations, the Model Law Committee did not envisage the exclusion, from patentability, of pharmaceutical and food products,

and preferred to call the attention of the Governments to the possibilities of adopting special measures, preferably in the form of compulsory licenses (see Chapter VIII), available particularly for products of vital interest to health.

Section 6: Applicability of International Conventions

The relevant provisions of international bilateral or multilateral conventions to which [the country] is a party, which regulate the rights of nationals of States parties to such conventions and of persons assimilated to such nationals, shall be applicable by virtue of the present Law.

This Section deals with the application of international conventions in the country (having adopted the Model Law) to its own nationals and to persons assimilated to them, as well as to nationals of the other States parties to such conventions and to persons assimilated to the latter.

As to the suitability of this Section for the various legal systems, countries may be divided into two groups.

Countries belonging to one of these groups have constitutions which permit their administrative and judicial authorities to apply to the interested parties the provisions of international conventions drafted in a way which provides for such direct application ("self-executing provisions"). In some countries this system of direct applicability is provided by the constitution; in others, direct applicability requires a specific reference to the convention in the law.

Countries belonging to the other of these two groups do not have this system of direct applicability. In these countries, provisions of an international convention bind only the State and, in order to become applicable to private parties, must be reproduced in a domestic law.

The Section under consideration was inserted in the Model Law for the use of countries belonging to the first group.

The effect of the Section, in these countries, is that all provisions of international conventions dealing with industrial property, whether these conventions be bilateral or multilateral—and, among the latter, particularly the 1883 Paris Convention for the Protection of Industrial Property—to which the country is a party, will become applicable in that country without the need for any additional measures to be taken. In respect to the Paris Convention, this means that persons eligible for protection under that Convention (see Articles 2 and 3 thereof) shall have the right to invoke, in the said countries, all provisions of the Convention on the basis of Section 6 of the Model Law.

Another effect of Section 6, in respect of these countries, consists in the fact that even their own nationals, and persons assimilated to them, will benefit by the provisions of that Convention and the rights specially provided for in it.

As far as the countries of the first group are concerned, whose constitutions clearly provide for direct

applicability, also to their own nationals, adoption of the Section under consideration is unnecessary since the effects referred to in the preceding paragraph are produced by the national constitutions themselves.

Finally, as far as the countries belonging to the second group are concerned, the Section under consideration is without interest and should be omitted by them, since their constitutions exclude direct applicability. These countries would have to reproduce the relevant provisions of the conventions in the patent law or in an annex thereto, and declare their applicability on the domestic level.

Section 7: Rights of Foreigners

Foreigners who do not fall within the scope of the preceding Section shall have the same rights as nationals unless the Minister responsible for industrial property shall have, by order, suspended the application of this provision so far as it relates to nationals of a country and persons assimilated to them on the ground that that country does not grant adequate reciprocity.

This Section deals with the rights of foreigners not covered by international conventions. As a rule, such foreigners may benefit by the provisions of the Law. However, this advantage may be suspended when sufficient reciprocity is lacking.

CHAPTER II: RIGHT TO GRANT OF PATENT

Chapter II deals with the question of who is entitled to the grant of a patent.

In principle, it is the inventor, or his successor in title, who has the right to obtain the patent (Section 8 (1)). However, the person who was the first to file an application for a patent (or who was the first validly to claim the earliest priority) is—except in the cases referred to in Sections 9 and 10—deemed to be the inventor or his successor in title even if, in fact, he is not (Section 8 (3)). The reasons for this provision are explained below.

In any case, the Law protects the “moral right” of the true inventor: he is always entitled to demand that he be named as such—as the inventor—in the patent (Section 11).

All these provisions apply also when there are several inventors, successors in title, or applicants.

Section 8: Right to Grant of Patent

(1) Subject to Section 10, the right to a patent shall belong to the inventor or his successor in title.

(2) If two or more persons have jointly made an invention, the right to a patent shall belong to them or their successors in title jointly; a person who has merely assisted in the execution of an invention without having contributed any inventive activity shall not, however, be deemed to be an inventor or co-inventor.

(3) Any person who is the first to file an application for a patent, or is the first validly to claim priority for an application for the same invention, shall, subject to the provisions of Sections 9 and 10, be deemed to be the inventor or successor in title of the inventor.

Subject to the sole exception provided for in Section 10, sub-section (1) of Section 8 states the principle that the right to a patent belongs to the inventor or his successor in title. Reference to the successor in title means that the rights attaching to an invention, including the right to a patent for the invention, may be assigned or transferred even before the patent application is filed. In the case of assignment and transfer, title will vest in the successor in title of the inventor. (For the assignment and transfer of patent applications and patents, see Section 26.)

Sub-section (2) is self-explanatory. The expression “inventive activity” is to be understood in the sense in which it is defined in Section 3.

Subject to two possible exceptions provided for in Sections 9 and 10, sub-section (3) of Section 8 establishes an irrebuttable presumption of inventorship: the person who is the first to file a patent application or who is the first validly to claim the earliest priority for an application relating to the same invention shall be deemed to be the inventor or his successor in title.

There are good reasons for establishing this presumption. One of them is that the presumption enables litigation to be avoided on the frequently very controversial question of who is the true inventor. Another reason is that the presumption helps to promote one of the aims of all patent laws—namely, the earliest possible disclosure of the invention to the public—by rewarding the person who is the most diligent, in causing, through his application, the publication of the invention.

The presumption does not necessarily work in favor of the first applicant in the country. If there is another applicant who claims a priority whose date precedes

that of the filing of the first application in the country, he will have the right to the patent. If several priorities are claimed, the earliest in date prevails over the others. Of course, the claim must be a valid one. According to the Paris Convention (which might be applicable in the country; see Section 6) priority may be claimed only on the basis of a "first" application filed in one of the Contracting States (subject to the sole exception provided for in Article 4C(4) of the Convention). If several applicants claim the same priority date, then the applicant who filed his application first will prevail over the others.

The presumption implies that no person may invoke against a first application (or against the application validly claiming the earliest priority) the fact that, because he is the true inventor, the first inventor or a co-inventor, or because of some other reason, he would have a right to be granted a patent. (See, however, the two possible exceptions provided for in Sections 9 and 10.)

The principles laid down by Section 8 were unanimously endorsed by the Model Law Committee. It has, however, been pointed out by the Committee that changes in certain other provisions of the Law could entail the necessity of changing Section 8 itself. For example, if Section 2 were to be changed by replacing the requirement of universal novelty provided in it by a requirement of local novelty, it would probably be necessary to provide in Section 8 that not only the inventors or presumed inventors are entitled to patents but also persons who, with the inventors' consent, introduce the invention into the country. Other changes of the same nature could become necessary in Section 8 if, for example, the Law provided for the granting of patents of addition for improvements lacking the requirement of non-obviousness.

Section 9: Usurpation

If the essential elements of a patent application have been obtained from the invention of another person, without the latter having consented to this obtaining and to the filing of an application for a patent, the person injured by such unlawful usurpation may demand that the application, or the patent granted in respect of the application, be transferred to him.

This Section provides, in effect, that if the inventor is not the person who filed the first application (or the application claiming the earliest priority) and is, therefore, not presumed to be the inventor, he may prove not only his inventorship but also that the first applicant (or the applicant invoking the earliest priority) has simply copied or appropriated his invention without his agreement to such appropriation ("obtaining") and to the filing of the patent application by the other person. He may then demand that the application of the other person, or the patent granted to the other person, be transferred to him. In other words, in these cases of "usurpation," the first applicant, presumed the inventor, will be displaced by the true inventor himself.

The principles expressed in this Section apply, *mutatis mutandis*, also in the case of joint inventors. If one of them, alone and without the consent of the others, has applied for a patent, the latter may demand that they be recognized as joint owners of the patent.

The demand must be made to the Patent Office if it precedes the granting of the patent; once the patent has been granted, the demand must be made to the Court.

Section 10: Inventions Made Pursuant to a Commission or by an Employee

(1) Subject to the legal provisions governing contracts for performing a certain work and employment contracts, and in the absence of contractual provisions to the contrary, the right to a patent for an invention made in execution of the contract shall belong to the person having commissioned the work or to the employer.

(2) The same provision shall apply when an employment contract does not require the employee to exercise any inventive activity, but when the employee has made the invention using data or means that his employment has put at his disposal.

(3) In the circumstances provided for in sub-section (2), the employee-inventor shall have a right to remuneration taking into account his salary and the importance of the patented invention, which remuneration shall, in the absence of agreement between the parties, be fixed by the Court. In the circumstances provided for in sub-section (1), the employee-inventor shall have a similar right if the invention is of very exceptional importance.

(4) The advantages given to the employee-inventor by the provisions of the preceding sub-section shall not be reduced by contract.

This Section contains special provisions concerning contracts for performing a certain work ("commissioned" work) and employment contracts. In some countries, the provisions of the civil or administrative laws regulating such contracts may resolve the question of who should have the right to a patent when the invention was made in performance of, or in connection with, such contracts. Also, the stipulations of the contracts themselves may provide for the solution. It is for the cases in which neither the civil or administrative laws nor the contracts provide for a solution that the Model Law provides, in Section 10, for solutions, whereas for contracts certain limitations are indicated.

The provisions of this Section are based on a long and thorough discussion of the problem by the Model Law Committee.

Four cases have to be distinguished:

Case 1 is the case in which an invention is made in performance of a commissioned work. In this case, the right to the patent belongs to the person having commissioned the work, and no special remuneration is due to the inventor.

Case 2 is the case in which an invention is made in performance of an employment contract. In this case, the employee is under a contractual obligation to carry out an inventive activity and the right to the patent belongs to the employer. However, if the invention is of very exceptional value, the employee will have a right to special remuneration over and above his salary.

Case 3 is the case in which an invention is made by an employee who, according to his employment contract, was under no obligation to exercise an inventive activity, but who, in making the invention, used data or means that his employment put at his disposal. In this case, the right to the patent belongs to the employer as it would be inequitable to expose the employer to competition with his employees because of the fact that he has put at their disposal data and means enabling them to make an invention. In this

case, however, the employee-inventor has a right to additional remuneration, i.e., remuneration over and above his salary.

Case 4 is the case in which an invention is made by a salaried employee, but is made outside the scope of his employment contract and without the use of the data and means which his employment put at his disposal. In this case, the right to the patent belongs to the employee. There is no need to insert provisions on this case in Section 10, since the fact that the inventor is an employee is irrelevant and his position is the same as that of any other inventor.

If, in cases 1, 2 or 3, the person from whom the work was commissioned or the employee applied for or obtained a patent without the consent of the person commissioning the work or the employer, and the right to the patent belonged to the latter, Section 9 would become applicable.

The same Section will become applicable in case 4, if the employer applies for or is granted a patent without the consent of the employee.

The amount of the remuneration referred to in connection with cases 2 and 3 will depend on the circumstances. Where the invention is made in performing a contract, the invention is generally to be regarded as the normal fruit of the labors of the employee. He will have no right to special remuneration, unless the invention is of very exceptional importance. On the other hand, if the invention was made by an employee who was not employed to exercise an inventive activity but who, nevertheless, made an invention, and in making it used data and means put at his disposal by the fact of his employment, the supplementary remuneration for his fruitful efforts must be determined taking into consideration his salary and the importance of the invention patented by the employer.

In all these cases, the amount of the remuneration will be fixed by the Courts, unless, of course, there is amicable agreement between the parties. This Court will be the special Court for labor disputes, if such exists in the country; otherwise, it will be an ordinary Civil Court.

The law governing contracts for the commission of work and employment contracts will govern also the rights and obligations of the parties existing, in respect of a given invention, abroad. Consequently, the employee will be under an obligation to sign all papers which the employer may need in order to protect his rights abroad.

Finally, this Section, in its last sub-section, provides that the provisions concerning the remuneration of the employee-inventor contained in sub-section (3) are provisions of "public order." Consequently, their application cannot be put aside by contract.

Section 11: Right of the True Inventor to be Named as Such

- (1) The true inventor shall be entitled to be named as such in the patent.**
- (2) The preceding provision shall not be modified by contract.**

Sub-section (1) means that the true inventor is entitled to be named as such in the patent. He has this right irrespective of whether he or another person has applied for the patent or is the patentee. The request to be named in the patent will have to be filed with the Patent Office if the request precedes the granting of the patent; once the patent has been granted, the request will have to be filed with the competent Court.

According to sub-section (2), the above provision is one of "public order"; its application cannot be put aside by contract.

CHAPTER III: GRANT OF PATENT

This Chapter deals with the grant of a patent and with questions connected with the grant. It contains nine sections (12 to 20), and for one of them (Section 18), three alternatives.

Sections 12 to 16 contain provisions on the contents—some mandatory, some optional—of applications for the grant of patents: Section 12 enumerates the data which an application must contain and provides that the application must be made to the Patent Office; Section 13 deals with the description of the invention and the formulation of claims; Section 14 provides, in essence, that any application may relate only to one invention; Section 15 deals with the so-called right of priority; and Section 16 with the necessity of paying fees.

Sections 17 and 18 deal with the examination of applications and the grant of patents.

Sections 19 and 20 deal with the issuance, registration and publication of patents and of acts relating thereto.

The subject of examination (Sections 17 and 18) calls for some special introductory observations because it raises some important questions and among them the basic question whether the Patent Office should examine applications only as to their form or also as to their substance.

Examination *as to form* means an examination destined to determine whether the application contains all the required data (Section 12), whether it relates to no more than one invention (Section 14), whether the prescribed fees have been paid (Section 16) and, where priority is claimed (Section 15), whether the formalities to that effect have been fulfilled.

Examination *as to substance* means primarily an examination to determine whether the invention is patentable (Sections 1 to 5), including the question of novelty (universal or local—see commentary to Section 2), whether the description and the claims of the application satisfy the conditions of Section 13, whether the invention has not already been patented or is the subject of an earlier application, and whether a claimed priority (Section 15) is justified.

Both systems have advantages and disadvantages.

The system of examination only as to form has the principal advantage that the administrative procedure within the Patent Office is inexpensive, simple and quick. Generally, before applying for a patent, the applicant will have proceeded at his own expense to a novelty search by his patent agents, so as not to pay fees unnecessarily for a patent which runs a considerable risk of being annulled and to avoid, when applying his patent, being sued before the Courts by the owner of an earlier patent covering the same invention. But these searches are naturally less reliable than the examination which a Patent Office would make and, moreover, they are not compulsory. Thus it will happen that applications which have absolutely no valid claim for a patent will still result in a patent as long as the purely formal requirements of application are fulfilled. Many patents so granted might appear to competitors as likely to be annulled if their validity is tested in the Courts; but as long as they are not annulled—and litigation is frequently long and costly—even such patents have a certain deterrent effect and might hamper industry and commerce.

On the other hand, in a system with examination as to substance, the probabilities of patents being issued where they should not have been issued are very considerably diminished. In this system, patents command more respect, exploitation by others is less hampered because the number of invalid patents is smaller, and the work of the Courts is reduced. But the application of this system is relatively slow, complicated and costly, mainly because it requires a close scrutiny of each application by persons with high technical qualifications and sufficient experience. It also requires rather complicated administrative machinery. The high costs must be borne either by the Government—which might find it difficult to provide the necessary funds—or by the applicants, many of whom may then rather go without a patent than pay high fees.*

* Applicants unable, because of their material circumstances, to pay the normal fees could be exempted from payment. The exemption would, in theory, apply equally to nationals and to foreigners. In practice, however, probably more nationals would qualify.

To meet these difficulties, at least to some extent, it might be advisable to provide for a system in which the actual work of examining the substance of the applications is not done by the Patent Office itself of the country but by some other impartial and technically qualified body. One such body is the International Patent Institute, an intergovernmental organization at The Hague, Netherlands, which, under certain conditions and for a certain fee, may agree to write opinions, on request, on specific applications in order mainly to evaluate their claim to novelty. Another solution would consist in several countries pooling their forces for such an examination in the form of a regional examining centre or something like it. Still another solution would be to accept, at least for a transitional period and for some branches of technology, reports on examination in other specified countries, having a system of thorough examination, or patents granted in those countries, as a sufficient and conclusive proof of the invention being worthy of the grant of a patent in the country concerned.

The system of the so-called deferred examination is a system which, in a certain sense, is a combination of the systems with and without examination as to substance. In this mixed system, there are two phases: in the first phase, patents are granted after a mere examination as to form. The patents, however, are valid only for a limited number of years—for example, five—after which the patentee has the choice either to abandon his patent or to submit it for an examination as to substance, risking, of course, a rejection. Experience shows that perhaps as many as half of the patents granted become useless to their owners after a few years. In a system with deferred examination, these patents are abandoned and therefore the workload of examination becomes considerably smaller.

It is difficult to recommend a choice between these various systems to developing countries. Even highly industrialized countries have fundamentally different views on the question of what the best solution is. For example, the United States and the Federal Republic of Germany have systems with full preliminary examination as to substance, the Netherlands recently replaced such a system by a system of deferred examination, whereas in Italy and Belgium, and to a large extent also in Switzerland, patents are granted after a mere examination as to form.

Each developing country will have to make the decision according to its own preferences and possibilities.

The Model Law envisages all three possibilities and consequently contains three alternatives for Section 18. Alternative A provides for a system of examination as to form only, Alternatives B and C provide for systems with examination also as to the substance of the application: Alternative B for such an examination prior to grant ("preliminary examination"), Alternative C for such an examination some years after the grant ("deferred examination").

Section 12: Terms of Application

(1) The application for a patent shall be made to the Patent Office and shall contain:

(a) the complete name and address of the applicant and, if the applicant's address is outside the country, the indication of an address for service within the country;

(b) a description of the invention with the drawings, if any, referred to therein;

(c) one or more claims.

This Section provides for the contents of the application and possible attachments thereto.

Applicants whose normal mailing address is outside the country are required to elect an address for service in the country and indicate it in the application (subsection (1) (a)). This should help to reach the applicant in good time when the Patent Office or others have to communicate with him. As will be seen later, such communications will then be sent both to the address abroad and the address for service in the country (see Section 19(4)).

The requirements of description and claims (subsections (1) (b) and (c)) are relevant both in connection with the scope of the protection (Section 22) and the validity of the patent (Section 47(1) (b)).

(2) If appropriate, the application for the patent shall be accompanied by a declaration, signed by the true inventor, requesting that he be mentioned as such in the patent and giving his name and address.

(3) If the application is made by an agent, it shall be accompanied by a signed power of attorney; legalization or certification of the signature shall not be necessary.

(4) The details of the formal requirements with which the application for the patent must comply shall be fixed by the Rules.

Sub-section (2) concerns the application of Section 11.

Sub-section (3) deals with the case where the application is filed through the intermediary of an agent. It is sometimes difficult to file the power of attorney at the same time as the application. In order to take account of this difficulty, the Law might provide that the power of attorney might be filed within a stated period of time after the filing of the application. Three months would be reasonable for such a purpose.

Sub-section (4) is based on the consideration that the Law itself cannot, for practical purposes, provide for all the formal requirements—size of the paper to be used, number of copies to be filed, language(s) to be used, minimum standards of quality for the drawings, etc.,—which applications have to comply with. In these respects, Rules should be issued. A possible basis for such Rules is constituted by the European Convention relating to the Formalities required for Patent Applications, of December 11, 1953.

Section 13: Contents of the Description and Claims

(1) The description shall disclose the invention in a manner sufficiently clear and complete for it to be carried out by a person skilled in the art.

(2) The claim or claims shall define the protection sought.

(3) The claims shall not exceed the contents of the description.

Sub-section (1) indicates how far the description of the invention in the application has to go. This is an important provision because lack of compliance with it is sanctioned by the nullity of the patent (see Section 47(1) (b)). The description must "disclose" the invention, and must disclose it with such clarity and completeness that a person skilled in the art is able, solely on the basis of the description, to carry out the invention. The provision is important, not only for the applicant but also for the general public: one of the main reasons for which patents are granted is that new inventions be disclosed to the public and thereby contribute to the general wealth of technical knowledge.

The description must be understandable to a "person skilled in the art." It is not required that it should enable understanding by persons who are not specialists in the relevant field of technology. It is sufficient if experts or specialists in the relevant technological field—this is what "person skilled in the art" means—can, on the basis of the description, carry out the invention. It is not required that the description allow them to carry out the invention in the best possible way. Carrying out in the best—most economic, simplest, fastest—way frequently presupposes the use of know-how acquired through long experimentation. Such know-how usually can be obtained from the patentee in a contract authorizing the carrying out of the invention (license contract).

Sub-section (2) provides that the claim or claims—any application must contain at least one—must "define" the protection sought. What is meant is

that the claim should be so worded that it will enable the public, and the Courts, to discern the limits of the patent grant (see Section 22).

Sub-section (3) seeks to frustrate any attempt to claim protection for matter not sufficiently disclosed by the applicant in the description.

Section 14: Unity of the Invention

(1) The application for a patent shall relate to only one invention.

(2) Subject to the preceding sub-section an application for a patent may include, in particular:

(a) apart from claims for one or more products, claims for one or more manufacturing processes for the product or products, and claims for one or more applications of the product or products;

(b) apart from claims for one or more processes, claims for means of working the process or processes, and claims for the product or products which result from that working, and claims for the application of such products.

Sub-section (1) is destined to prevent an applicant from including in one and the same application claims relating to two or more different inventions. Each invention must be the subject of a separate application, and for each application the full fees provided for in the Rules must be paid.

Sub-section (2) is destined to make it clear that the rule referred to above does not mean that the applicant cannot cover, in the same application, different ways of exploiting his invention, as long as the basis of each different possible way of exploitation is one and the same invention. The different ways of exploitation will then be spelled out in separate claims included in the same application.

Section 15: Right of Priority

The applicant for a patent who wishes to avail himself of the priority of an earlier application made in another country is required to append to his application a written declaration, indicating the date and number of the earlier application, the country in which he or his predecessor in title made such application, and the name of the applicant, as well as, within a period of three months from the date of the later application, to furnish a copy of the earlier application, certified as correct by the Industrial Property Office of the country where it was made.

This Section deals with the form in which an applicant, wishing to avail himself of the priority of an earlier patent application filed abroad for the same invention, must present his claim.

This Section has relevance only for countries which are bound by at least one multilateral or bilateral convention providing for the right of priority. As long as a country is not bound by any such convention, it may omit this Section altogether. Of course, it may also retain it in anticipation of the possibility that it might adhere to a convention.

On the other hand, for certain countries the Section is not complete enough and will have to be supplemented by additional provisions. The Section deals only with the form in which priority may be claimed; it does not define the right of priority and the legal consequences thereof. Now, this definition and these legal consequences usually appear in conventions providing for the right of priority. In countries in which conventions need no implementing domestic legislation (see the Commentary to Section 6), the provisions of the

conventions, together with Section 15, will suffice. But in countries in which implementing legislation *is* a constitutional requirement, Section 15 alone will not suffice. It will have to be completed by the relevant convention's provisions on the right of priority.

The most important among the conventions providing for the right of priority is the Paris Convention for the Protection of Industrial Property, signed in 1883 and last revised at Lisbon in 1958. Article 4 of this Convention contains a detailed regulation of the right of priority. It provides, among other things, that any person who has duly filed a patent application in one of the contracting States, or the successor in title of such a person, shall enjoy, for the purpose of filing patent applications for the same invention, a right of priority during a period of 12 months from the date of the first deposit. Thus the application later in date— if filed within a period of 12 months—shall not be "invalidated" through any acts accomplished in the interval, such as, for instance, the publication of the invention, the exploitation of the invention, or the filing of a patent application for the same invention by another person. Such acts cannot give rise to any right for other persons.

As already stated, Section 15 indicates the formal requirements to be fulfilled by the applicant if he wishes to claim priority. He has to file two papers: (i) a declaration to the effect that he claims priority, indicating certain data allowing the identification of the earlier application, (ii) a certified copy of the earlier application. According to Section 15 as appearing in the Model Law, the declaration must be filed together with the application, whereas the certified copy may be filed either together with the application or separately, later, but not later than three months from the date of the filing of the (domestic) application. Countries wishing to allow easier terms for the applicant may do so without contravening any of the provisions of the Paris Convention. Such countries might, for example, wish to provide that the declaration may be filed separately from, and later than, the application (say, within 2 months of the filing date of the (domestic) application), and that the 3 months allowed for the filing of the certified copy will be computed only from the end of the period available for the filing of the declaration.

Section 16: Payment of Fees

An application for a patent shall not be accepted unless the fee prescribed by the Rules has been paid.

One of the consequences of this provision is that if the fee reaches the Patent Office on a later date than the application, then the effective date of filing will be the date on which the fee has reached the Office.

Section 17: Examination of Application as to Form

(1) The Patent Office shall examine the application as to its conformity with Sections 12, 14, 15, and 16.

(2) If the provisions of Sections 12 or 16 have not been complied with, a patent shall not be granted; if the provisions of Section 15 have not been complied with, the Office shall not mention in the patent the priority claimed.

(3) If the application does not fulfil the requirements of Section 14, the applicant shall be invited by the Patent Office to restrict the application so that it relates to only one invention. At the same time, the Patent Office shall notify the applicant that, within a period of three months, he may file, for the rest of the application, one or more divisional applications, which shall benefit from the date of the filing of the original application, and, if relevant, from the priority date claimed under Section 15. If the applicant does not comply with this invitation to restrict the original application to one invention, no patent shall be granted.

The Patent Office must examine every application as to its compliance with the formal requirements of the Law. Section 17 deals with this question.

Sub-section (1) refers to the Sections which must be considered in connection with the examination as to form. These are Sections 12, 14, 15, and 16.

In connection with Section 12, the Office must examine whether the application contains the elements enumerated (name, address, description, claims, etc.) in that Section.

If the requirements of Section 12 are not complied with, the Office will not grant a patent (see Section 17 (2)).

In connection with Section 14, the Office must examine whether the application relates only to one invention or to several inventions. As the examination is as to form only, it will not go deeply into difficult scientific or technical questions. If, in the opinion of the Patent Office, the application relates to two or several inventions, it shall invite the applicant to restrict his application to one of the inventions and shall notify him that he may file separate applications for the others. The latter are called "divisional" applications. The effective date of the divisional applications will be the same as that of the original application. If the applicant does not comply with the invitation to restrict his original application to one invention, the Patent Office will not grant a patent.

In connection with Section 15, the Office must examine—in cases where priority is claimed—whether the written declaration required in such cases contains all the necessary indications. It will also have to examine, in due course, whether a certified copy of the application, the basis of the claim, has been filed. Non-compliance with these requirements does not, in itself, result in denial of the patent; the only consequence will be that the Office will not include in the patent any reference to the priority claim (sub-section (2), *in fine*). The Patent Office will not examine questions of substance such as whether the invoked first application really relates to the same invention as the application it examines or whether the invoked first application was the first regular national filing made. These questions, if contested, will be resolved by the Courts. If the patent contains a reference to an invalid priority claim, the Court will declare null and void the priority claim (with the possible consequence that the patent will be null and void as well); if, on the other hand, the Patent Office did not include in the patent a reference to a priority claim presented in the form prescribed in Section 15, the Court will order that the reference be included in the patent (with the possible

consequence that the patent will survive in an action asking that it be declared null and void).

In connection with Section 16, the Patent Office must examine whether the prescribed fees have been paid by the applicant (sub-section (1)). If the fees have not been paid, the Office will not grant a patent (sub-section (2)).

Alternative A

Section 18: Grant of Patent without Examination as to the Substance of the Application

(1) When the examination referred to in Section 17 shows that the application satisfies the requirements of Sections 12, 14 and 16, the patent, as applied for, shall be granted without further examination, particularly without examination of the questions whether the subject of the application is patentable within the terms of Sections 1 to 5, whether the description and claims satisfy the requirements of Section 13, and whether, for the same invention, a prior application, or an application benefiting from an earlier priority, has been made in the country or a patent has been granted as a result of such application.

(2) When the examination referred to in Section 17 shows that the provisions of Section 15 have been complied with, the Patent Office shall mention in the patent the priority claimed.

(3) Patents are granted at the risk of the patentee and without guarantee as to their validity.

Sub-section (1) of this Alternative provides for a system with examination as to form only: if the application is found to be in order according to Section 17, the patent must be granted, as applied for.

Sub-section (2) applies this same system with respect to a claim of priority under Section 15.

In this system, the Patent Offices will not look—and are not equipped to look—into the questions whether the alleged invention is really patentable, whether the description discloses it properly, whether the claims define the protection sought and do not exceed the contents of the description, whether the same invention has already been the subject of an earlier application or has been patented in the country and, when a priority is claimed, whether this claim is justified because it is based on a first application for the same invention. These questions will be examined by the Courts whenever the nullity of the patent is alleged, as provided for in Section 47. A declaration of nullity will have retroactive effect (Section 48).

As the Patent Office merely grants patents and it is not within its jurisdiction to decide whether the patents it grants are valid, there cannot be any guarantee on the part of the State that the patents granted by the Patent Office are valid. This principle is expressed in sub-section (3).

Alternative B

Section 18: Grant of Patent after Preliminary Examination of the Substance of the Application

(1) When the examination referred to in Section 17 shows that the application satisfies the requirements of Sections 12, 14 and 16, the Patent Office shall proceed

Sub-section (1) of this Alternative provides for a system of "preliminary examination," that is, the system in which the Patent Office only grants a patent if it is satisfied that the application not only meets the requirements as to form, but also those relating to

to the examination of the application as to its substance, namely:

(a) whether the subject of the application is patentable within the terms of Sections 1 to 5;

(b) whether the description of the invention and the claim or claims in the application satisfy the requirements of Section 13;

(c) whether, for the same invention, no prior application, or application benefiting from an earlier priority, has been made in the country, and no patent has been granted as a result of such application.

(2) When, or to the extent that, the Patent Office finds that the answers to the questions under (a), (b) and (c) in sub-section (1) are in the affirmative, a patent shall be granted.

(3) When the examination referred to in Section 17 shows that, with respect to a priority claimed under Section 15, the provisions of Section 15 have been complied with, the Patent Office shall proceed to the examination of the question whether this claim is justified, particularly whether it is based on a first regular national filing of an application for the same invention. When the answer to this question is in the affirmative, the Patent Office shall mention in the patent the priority claimed.

(4) The Rules shall determine whether the examination shall be carried out by the Patent Office itself or whether the Patent Office shall base its decisions on an opinion of the International Patent Institute or on reports or patents of another Patent Office, either national or regional.

(5) The Rules may limit the examination as to patentability, according to the requirements of Sections 1 to 5, to one or more of these requirements or parts of them.

substance. The scope of this examination is indicated under (a), (b) and (c) of this sub-section.

The Patent Office may, as a result of its preliminary examination, find the subject of a patent application patentable either entirely or only in part. In the first case, it will grant the patent as applied for; in the second case, it will limit the patent to the extent it is found in conformity with the requirements. This principle is expressed in sub-section (2).

In the system of preliminary examination, an examination must also be made to ascertain whether a priority claimed is justified as to substance (sub-section (3) so provides).

If the system of preliminary examination is adopted, a number of important questions, mainly procedural, will also have to be regulated. The Model Law makes no attempt to enumerate all these questions or to propose solutions for them. Only some basic principles are indicated for inclusion in the Rules in which they can be completed.

Thus, sub-section (4) of the Law refers to a question of particular importance for developing countries, namely by whom the examination as to the substance of patent applications should be carried out. By the National Patent Office itself? By the International Patent Institute? By a regional Patent Office to be established by two or more neighbouring countries? Or should the National Patent Office accept reports on examination as to substance, or patents granted by the Patent Office of another country which carries out examination in a reliable manner.

Sub-section (5) indicates other possibilities, namely that the preliminary examination as to substance may be limited to certain requirements for patentability or parts of them, for example, (apart from compliance with Sections 5 and 13), only to local and not universal novelty (see Commentary to Section 2), and not extend to the questions of inventive activity (Section 3) and industrial application (Section 4). A system of examination limited to local novelty is conceivable, even when the Law adopts the criterion of universal novelty. In that case, the examination will be limited to local novelty and the patent will be granted if it satisfies that condition. However, it may be declared null and void (Section 47), with retroactive effect (Section 48), when its subject is found not to be universally novel.

Sub-section (6) provides for the possibility of different solutions for different branches of technology. For example, if the National Patent Office is equipped to carry out examination with respect to textiles, but not with respect to electronics or chemistry, or vice versa, the Rules may provide for examination by the Patent Office for one subject, and for examination by the International Patent Institute for another.

(6) With respect to sub-sections (4) and (5), the Rules may provide for different solutions for applications relating to different branches of technology.

(7) The Rules shall ensure that, before a decision under sub-sections (2) and (3) is taken, the applicant or his representative shall be given an opportunity to be heard.

(8) The Rules may provide for a possibility of opposition to the grant of a patent, after publication of the application, by third parties. The Rules shall ensure that, in case of such opposition, the party who lodged such opposition, or his representative, shall be given an opportunity to be heard before a decision under sub-sections (2) and (3) is taken.

(9) Patents are granted at the risk of the patentee and without guarantee as to their validity.

Or, as another example, an examination, either general or as to novelty, may only be prescribed for certain particularly important branches of technology.

Sub-section (7) indicates a basic rule of procedure. Questions of novelty of a patent application or of a limitation of the patent, when the application is found to be only partly acceptable, are often of an extremely difficult character. Therefore the applicant must be given an opportunity to be heard before a decision is taken.

Sub-section (8) indicates the possibility of opposition to the grant of a patent by third parties, which possibility exists in several legislations and may considerably facilitate the task of the examining Patent Office.

Even in a system of unlimited preliminary examination, no Patent Office would be able to ensure that the examination was complete. Therefore, even after such examination, the possibility of declaring a granted patent null and void (Section 47) must remain open and no guarantee can be given as to the validity of any patent (sub-section (9)).

Alternative C

Section 18: Grant of Patent subject to Deferred Examination of the Substance of the Application

(1) When the examination referred to in Section 17 shows that the application satisfies the requirements of Sections 12, 14 and 16, the Patent Office shall grant the patent, as applied for, subject to deferred examination as to the substance of the patent.

(2) When the examination referred to in Section 17 shows that the provisions of Section 15 have been complied with, the Patent Office shall mention in the patent the priority claimed.

(3) The registered owner of the patent granted according to sub-section (1) may, after the expiration of the fifth year from the date of the filing of the application and before the expiration of the sixth year after that date, request the Patent

This Alternative provides for a system of "deferred examination."

Sub-section (1) deals with the first phase; the patent is granted after an examination as to form only, as in the case of Alternative A. Sub-section (2) provides for an analogous measure with respect to a priority claim.

Sub-sections (3), (4), (5) and (6) deal with the second phase; during the sixth year after the date of the application the registered owner must ask for an examination as to substance, if he wishes to maintain his patent (sub-section (3)). Whether this wish will be fulfilled will, of course, depend on the result of the examination (sub-section (6)). This examination will deal with the same questions and can be carried out in the same manner as the preliminary examination provided for in Alternative B (sub-section (4)). An analogous procedure is provided for with respect to priority claims (sub-section (5)).

Sub-section (6) provides that, if no examination as to substance is requested in time, the patent lapses.

Office to proceed to the examination of the substance of the patent. This request shall not be accepted unless the fee prescribed by the Rules has been paid.

(4) If the registered owner presents the request referred to in sub-section (3) within the period prescribed in that sub-section, the Patent Office shall proceed to the examination of the patent as to substance, namely:

(a) whether the subject of the patent is patentable within the terms of Sections 1 to 5;

(b) whether the description of the invention and the claim or claims in the patent satisfy the requirements of Section 13;

(c) whether, for the same invention, no prior application, or application benefiting from an earlier priority, has been made in the country, and no patent has been granted as a result of such application.

(5) When, or to the extent that, the Patent Office finds that the answers to the questions (a), (b) and (c) in sub-section (4) are in the affirmative, it shall confirm the patent, and if the priority claimed appears justified, it shall confirm this priority. In the contrary situation the Patent Office shall declare the patent null and void or not mention in the confirmed patent the priority claimed. Section 48(2) shall apply.

(6) If the registered owner of the patent fails to present a request for the examination of the substance of the patent within the period prescribed in sub-section (3), the patent shall lapse on the last day of that period.

(7) With respect to confirmation of patents, declaration of nullity, and lapse, provided for in sub-sections (5) and (6), Sections 19 and 20 shall apply.

All confirmations of patents after deferred examination as to substance, as well as all declarations of nullity and lapse, will be treated according to the rules of issuance, registration and publication contained in Sections 19 and 20 (sub-section (7)).

Further rules with respect to the deferred examination can be made in the same way as with respect to Alternative B (sub-sections 8 to 12). In any case, it should be provided that the registered owner of the patent, having requested a deferred examination as to substance, be given an opportunity to be heard before a decision on his request is taken (sub-section (7) of Alternative B). The last sub-sections of Alternatives A and B have also to apply to Alternative C (sub-section (13)).

- (8) Sub-section (4) of Alternative B.
- (9) Sub-section (5) of Alternative B.
- (10) Sub-section (6) of Alternative B.
- (11) Sub-section (7) of Alternative B.
- (12) Sub-section (8) of Alternative B.
- (13) Sub-section (9) of Alternative B.

Section 19: Issuance and Registration of Patents and Registration of Acts Relating Thereto

(1) A patent shall be granted by the issuance of letters patent to the patentee. The patent shall contain its number in the order of grant; the name and address of the patentee and, if his address is outside the country, an address for service in the country; the dates of the application and grant; indication, if priority is claimed, of this fact, and the number, date and country of the application, basis of the priority claimed; the description of the invention, the claims and the drawings, if any, relating to the description; and, finally, the name and address of the true inventor if he has requested to be mentioned in the patent.

(2) The Patent Office shall maintain a Register in which shall be recorded patents granted, numbered in their order of grant, and, in regard to each patent, if appropriate, its lapse for non-payment of annual fees, and all transactions to be recorded by virtue of the present Law.

(3) The Patent Office shall record the changes of address or of address for service which shall be notified to it by the registered owner of the patent.

(4) Communications to be made to the registered owner of the patent by virtue of the present Law shall be sent to him at his most recently recorded address and at the same time to his most recently recorded address for service.

This Section deals with the contents of a patent as granted (sub-section (1); called "Letters Patent" in some of the English-speaking countries), the establishment and contents of the Register to be maintained by the Patent Office (sub-section (2)), the changes of address or address for service (sub-section (3)), and the way in which notifications to the registered owner are to be effected (sub-section (4)).

Sub-section (1) is self-explanatory.

Sub-section (2) provides that all patent grants must be "recorded" in a Register. This does not necessarily mean that the patents must be inscribed in some sort of book formed in advance; the Register may consist simply of a collection of the copies of all the patents issued.

The same sub-section provides for the recording of the lapse of the patent if the annual fees have not been paid in time, and all transactions "to be recorded by virtue of the present Law." The following are such transactions: assignments and transfers (Section 26), license contracts (Section 28), compulsory licenses (Section 42) and their amendment and cancellation (Section 43), licenses of right (Section 45), surrender of patents (Section 46), declarations of nullity of patents (Section 48), and—if Alternative C of Section 18 is adopted—confirmation, declaration of nullity, or lapse under that Alternative.

Sub-section (3) is self-explanatory.

Sub-section (4) refers to "communications to be made to the registered owner of the patent by virtue of the present Law." Such communications are provided for in connection with divisional applications (Section 17(3)), compulsory licenses (Section 44(2) and (4)), and infringement proceedings by licensees (Section 52(1)).

Section 20: Publication of Patents

(1) The Patent Office shall publish as soon as possible patents granted in the order of their grant, mentioning the contents of the patent in accordance with Section 19(1) with the exception of the description and the drawings. The publication of the claims of the patent may, to the extent permitted and in the manner prescribed by the Rules, be replaced by a summary of the claims, without prejudice to the scope of the patent and its validity.

(2) Patents registered at the Patent Office may be consulted free of charge at that Office, and any person may obtain copies thereof at his own expense. This provision shall also be applicable to transactions recorded in regard to any patent.

Sub-section (1) deals with the publication of patents. In view of the fact that, as a rule, no other person than the patentee (or his successor in title) may exploit the patented invention without the authorization of the latter (see Section 21), it is important to inform the public, to the fullest possible extent and as soon as possible, about the existence of patents, their most important particulars, and their possible lapse before the normal term of expiration. That is why the Law provides for publication. This publication may be effected in the Gazette of the Patent Office, or, if there is no such special gazette, in any other appropriate gazette or publication published by the Government.

It is indispensable to publish, for each patent, the data referred to in Section 19(1), except the description of the invention and the drawings accompanying the description; furthermore the full text of the claims may be replaced by a summary of the claims. This possibility is left open by the Law in order to reduce publication costs. The extent and manner of such a condensation of the claims must be specified by the Rules.

Sub-section (2), by providing access to the full patent by any member of the public, allows any person to take cognizance also of the full text of the claims, the description of the invention, and the drawings, if any, accompanying the description.

CHAPTER IV: RIGHTS CONFERRED BY THE PATENT

Since patents confer upon their owners the right to preclude, for a limited number of years, other persons from doing certain acts in connection with the patented invention, it is important that the limits of this right be defined with clarity and precision. Chapter IV tries to accomplish this. It consists of four Sections: Section 21 gives a definition of the rights conferred by the patent, Section 22 defines the technical scope of the protection as expressed by the contents of the paper constituting the patent, Section 23 makes it clear that the patent rights can be invoked only with regard to certain activities; and, finally, Section 24 safeguards the rights of third persons who had, in good faith, exploited, or prepared the exploitation of, the same invention before the patent was applied for.

Section 21: Nature of Rights Conferred

The patent shall confer upon its registered owner the right to preclude third parties from the following acts:

(a) when the patent has been granted in respect of a product:

(i) making, importing, offering for sale, selling, and using, the product,

(ii) stocking such product for the purposes of offering for sale, selling, or using;

(b) when the patent has been granted in respect of a process:

(i) applying the process,

(ii) doing any of the acts referred to in (a) above in respect to a product obtained directly by means of the process.

Subject to the provisions relating to the unity of the invention (Section 14), one and the same patent may relate to *products*, or to *processes*, or to *both*. The claims (Section 13(2)) must specify to what products and/or what processes any given patent relates.

In connection with both products and processes, there are certain acts the doing of which is reserved, when no exception applies, to the owner of the patent. Paragraph (a) of the Section under consideration deals with these acts as far as they relate to *products*; and paragraph (b), as far as they relate to *processes*.

As far as *products* are concerned, it is generally admitted by patent laws that the acts reserved should not be limited to the act of making (also called "manufacturing"), but should also extend to importation, offering for sale, selling, using, and making preparations for the last three (i.e., offering for sale, selling and using) by stocking the product for any of these three activities.

Reference was made in the course of the discussions of the Model Law Committee to the fact that the right to preclude third parties from importation—although, taken in itself, without much independent significance to the owner of the patent as long as he has the right to preclude third parties from the sale and use in the country of products imported there by him or by others—may, in connection with the rights relating to sale and use, lead to unsatisfactory results in a developing country. It was, however, noted by the Committee that the system of compulsory licenses (Sections 34 to 44) can take care of this question and safeguard the interests of developing countries.

As far as *processes* are concerned the acts reserved are of two kinds. The first relates to the process itself, and the act reserved is the act of "applying" (using, employing). The second kind relates to the product obtained directly by means of the patented process, and the acts reserved are the same as in the case of product patents, once the product has been made. In

the case of a process patent, the same product, if obtained by a process other than the patented process, is, of course, outside the reach of the patent. The same is true in respect to a final product which is derived from another product obtained through a patented process, which product, however, has undergone important transformations or modifications, so that the final product cannot be considered as having been "directly" obtained by means of the patented process.

The opening words of this Section provide that a patent confers upon its registered owner "the right to preclude third parties" from doing certain acts. It is to be noted that this preclusion is inherent in the provisions of the Law itself. It does not require any act, or any manifestation of intention or will, on the part of the owner. Third parties are automatically precluded from doing the acts in question. Unless they have obtained a license to do them—either from the owner or the Court—or unless they benefit from Sections 23 or 24, they will be considered as infringers of the owner's patent rights.

Section 22: Scope of Protection

(1) The scope of the protection conferred by the patent shall be determined by the terms of the claims.

(2) The description and the drawings included in the patent shall be used to interpret the claims.

This Section deals with the technical scope of the patent. The question is, what does a given patent really cover, from a technical (engineering) viewpoint? The answer to this question may become particularly important when the person accused of having infringed the patent did not follow literally the text of the patent but used only some of its elements.

In such cases, the Courts, in defining the scope of the patent, would first of all take into consideration the claims (see sub-section (1)) which, in the terms of Section 13(2), "define the protection sought."

However, the text of the claims may not, in itself, be always sufficient. There may be cases where, in working the invention, one has deviated from the text of the claims, although by using practically the same means for obtaining the same results as those contemplated by the patent. This is why sub-section (2) provides that the claims shall be interpreted in the light of the description and the drawings (if there are drawings). Such an interpretation should help in bringing out the essence of the invention.

Section 23: Limitation of Rights under the Patent

(1) The rights under a patent shall only extend to acts done for industrial or commercial purposes.

(2) The rights under a patent shall not extend to acts in respect of the product

This Section provides for two kinds of limitation on the patent rights. The first kind is covered by sub-section (1), the second, by sub-section (2).

Sub-section (1) means that the patent rights cover only activities or acts (manufacture, sale, use, etc.) carried out for industrial or commercial purposes.

covered by the patent after the product has been lawfully sold in the country; nevertheless, in so far as the patent also concerns a special application of the product, this application shall continue to be reserved to the registered owner of the patent.

Thus, uses of a patented invention for other purposes—for example, for strictly personal or exclusively scientific purposes—are free, it being understood that any industrial or commercial application of such (personal, scientific, etc.) uses is covered by the patent.

Sub-section (2) means that, in general, any patented product may be freely used, resold, etc., once it has been lawfully sold in the country. It is a matter of indifference, in this respect, whether the product was lawfully manufactured in the country as long as the product was not lawfully sold (for example, under a license only covering the manufacturing and use by the manufacturer but not the selling of the product). It is equally a matter of indifference whether the product was lawfully manufactured or lawfully sold in another country, because these acts do not affect the patent in the country itself. In the expression "lawfully sold in the country," the word "lawfully" means that the first sale of the product in the country was effected by the registered owner of the patent, or by a licensee, or by a person who benefits by the rights defined in Section 24, or that the first sale in the country was effected before the patent was granted in that country.

There is only one exception to this rule, provided in the last sentence of sub-section (2). It deals with the case in which the claims in a product patent or process patent include also one or more claims for a special application of the product manufactured under the patent. In this case, the special application remains under the protection of the patent even after the sale of the product.

Section 24: Rights derived from Prior Manufacture or Use

Any person who, in the country, at the date of the filing of the patent application by another person, or at the date of priority validly claimed in respect of such application, was, in good faith, manufacturing the product or applying the process, the subject of the invention, or had made serious preparations with a view to such manufacture or use, shall, despite the patent, have the right to continue such acts and, with respect to products obtained thereby, to perform the other acts referred to in Section 21. This right is only transferable with the undertaking which is the beneficiary of the right.

This Section contains another possible limitation of the patent rights. The limitation applies if a third party was already in good faith using the invention, or was already in good faith making serious preparations for its use, at the date of the patent application or at the priority date thereof. The aim of this provision is not to prejudice an industrial investment made by a person for the use of an invention which, later, becomes patented by another person.

Naturally, if, at the said critical date, the invention was used *publicly*, then the invention was no longer new (see Section 2), and no patent may be validly granted. But if the use preceding the critical date was *non-public* use—that is, the invention was not made available to the public within the meaning of Section 2—then the novelty is unaffected and a patent may be validly granted. In both situations—public or non-public use—Section 24 protects the user if he was of good faith: in the case of public use, by allowing him to continue the use without having to claim the nullity

of the patent; in the case of non-public use, again by allowing him to continue this use notwithstanding the validity of the patent. In other words, as far as the "prior user" is concerned, it is a matter of indifference whether there is a valid patent or not: his right to continue the use is the same in both situations.

Persons shall not be regarded as having acted in good faith who have obtained the information concerning the invention without the authorization of the applicant (e.g., stolen the applicant's plans) or who, although having obtained the information with the applicant's authorization, did not also obtain the latter's authorization to start exploiting the invention.

The acts which allow the claiming of the benefit of this provision are the acts of manufacturing a product and the act of using a process (and preparations for these acts), but not the acts of importing, offering for sale, selling, using, or stocking, of products, since the aim of the provision is to protect *industrial* investment. However, the rights derived from prior manufacture or use not only allow the beneficiary to continue these acts, but also to sell and use the products thus obtained and to perform, with respect to these products, all other acts referred to in Section 21.

The last sentence of the Section provides that this right to continue exploitation is only transferable with the undertaking which is the beneficiary of the right. The notion of transfer may be understood in a broad sense as incorporating also the merger of undertakings. What is not allowed—in order to prevent abuses—is the transfer of the right in itself, that is, when such transfer is not concomitant with the transfer of the enterprise.

CHAPTER V: DURATION OF PATENT AND FEES

Section 25: Duration of Patent and Fees

(1) A patent shall expire at the end of the twentieth * year from the date of the filing of the application, subject to the payment of the annual fees fixed by the Rules.

(2) A period of grace of six months shall be granted for the payment of the annual fees upon payment of a surcharge fixed by the Rules.

(3) The lapse of a patent for non-payment of fees shall be published by the Patent Office as soon as possible.

This Chapter consists of a single Section dealing with the duration of the rights conferred by a patent and the obligation to pay annual fees for maintaining the patent in force.

According to sub-section (1), a patent expires at the end of the twentieth year counted from the date of the filing of the patent application. The term may end earlier, however, for either of two reasons: non-payment of the annual maintenance fee (this Section) or "surrender" (Section 46). A patent may also be annulled; in this case, the duration of its validity is zero since a patent declared to be null and void must be regarded as if it had never been granted (see Sections 47 and 48).

It is to be noted that the Law merely fixes the terminal date of the validity of the patent. The reference to the day of filing is merely a basis for calculating the expiration date of the patent; it is not the commencement of the protection, since protection commences only upon grant. Some time will always have to elapse between filing and grant, and the duration of protection will be shorter than 20 years by as many days and months as will have elapsed between filing and grant. In a system in which the Patent Office examines applications only as to their form, the time between filing and grant will be relatively short, in any case normally much shorter than in a system with preliminary examination as to the substance of the application.

The proposed basis of calculating expiration—20 years—is longer than in most countries. Although the same basis exists in several laws, the average is perhaps some two years shorter. A relatively longer term of protection, however, seems to be justified in the case of developing countries. In fact, in the case of a developing country, the owner of the patent will generally need some time for studying the possibilities of working the patented invention in the country and for making the preparations for its working. If, after these studies and preparations, the remaining term of protection of the patent would appear to be too short for lucrative exploitation, this circumstance might substantially diminish the attractiveness which a patent should have for industrial investments in the country.

However, any country may, if it so wishes, shorten the duration and adopt, for example, 16 or 18 years only. This is indicated in the Alternatives.

* Alternatives: Replace "twentieth" by "eighteenth" or "sixteenth".

A problem of a different, although related, kind arises in the case of countries which adopt a system with preliminary examination as to the substance of the patent applications (Alternative B under Section 18). Such examination might take quite some time. Practice shows that it usually takes several years: two, three, or even more. In view of the fact that protection only starts upon grant, i.e., once the examination is completed, the duration of the examination might shorten too much the 20 years calculated from filing. Therefore, these countries may wish to adopt a system in which the calculation of the term is based on the date of grant (rather than the date of application), or they may wish to complete the provision appearing in this Section by a provision to the effect that, in any case, a patent will be valid for at least 10 years after grant.

It is, however, to be noted that too great deviations from the generally accepted standards would not be to the advantage of any country, because it is in the general interest that the rules concerning duration be fairly uniform throughout the world. If they are, the protection of a given invention will end approximately at the same time in all countries. This would eliminate the inconveniences which might be caused to industry and trade by the fact that an invention, already free in some countries, is still protected—perhaps for a considerable number of years—in others.

Almost all countries of the world require the payment of annual fees for maintaining a patent in force. The amounts of the fees, to be fixed by the Rules, are usually progressive, in the sense that the closer the patent gets to the end of its duration, the higher the annual fees become. This system is based on the assumption that patents kept in force for a longer time are usually of higher economic value to their owners and thus enable them to carry a heavier load in fees.

There is another good reason for making annual fees progressive. Progressive fees mean an increasing burden on the patent owner. He will stop and think every year, and every year he will think harder, whether he should keep his patent in force. He will probably keep in force only patents which are of some economic value to him. The remainder, which are then nothing but a nuisance to others and a hindrance to the freedom of industry and commerce, he will allow to lapse. Consequently, a system of progressive fees tends to eliminate unnecessary patents.

The period of grace provided for in sub-section (2) exists in most countries. It is a requirement for all countries parties to the Paris Convention for the Protection of Industrial Property (see Article 5 *bis* of the Convention). The effect of the provision is that, at the due date of the annual fee, the patent may not be regarded as necessarily expired even if the fee has not been paid. Only if, at the expiration of the six-

month period of grace, the fee has not been paid, will the patent lapse, and it will lapse retroactively, that is, as at the date on which the fee was due (i.e., at the starting date of the six-month period). Otherwise the validity of the patent continues without interruption, as if the fee had been paid on the due date.

In view of the fact that the lapse of a patent means that an invention, hitherto protected, may be freely exploited by any member of the public, it is important that the public be informed about the lapse of patents. This is the reason for which sub-section (3) provides that all lapses for non-payment of fees must be published "as soon as possible."

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CHAPTER VI: ASSIGNMENT AND TRANSFER OF PATENT APPLICATIONS AND PATENTS; JOINT OWNERSHIP OF PATENTS

This Chapter consists of two Sections: Section 26 deals with changes in the ownership of patent applications and patents, whereas Section 27 deals with questions concerning the situation in which a patent is owned by two or more persons (joint ownership).

Section 26: Assignment and Transfer of Patent Applications and Patents

(1) Patent applications and patents may be assigned or transferred by succession.

(2) The assignment of patent applications and patents shall be made in writing and shall require the signatures of the contracting parties.

(3) Assignments, or transfers by succession, of patent applications and patents shall be registered in the Patent Office on payment of a fee fixed by the Rules; assignments or transfers by succession shall have no effect against third parties until such registration.

Sub-section (1) means that patents and patent applications may be assigned or transferred as a whole; in other words, they are indivisible: they can be divided neither as to the technical applications of the invention or the territory of exploitation, nor as to various rights referred to in Section 21. As to changes in ownership in ways other than assignment or transfer, the Model Law contains no provision. In such cases, the general rules of law are applicable. Expropriation would be a case in point.

Sub-section (2) deals with the requirements of assignment as to form. They consist of a written document and signatures. They are designed to make proof easier.

Sub-section (3) requires the registration, in the Patent Office, of assignments and transfers. Lack of registration does not affect the validity of the transaction between assignor and assignee, or transferor and transferee, but does make the transaction ineffective against third parties. Mandatory registration is designed, among other things, to allow interested persons to know who the person is from whom they must ask for a contractual license before they can ask for a compulsory license (see Section 37). The lack of legal effects vis-à-vis third parties of unregistered assignments and licenses means, among other things, that if the assignor assigns his patent to two different persons ("double assignment"; usually fraudulent), the registered assignee (or his registered assignee or licensee) may prevent the use of the patented invention by the unregistered assignee (or his assignee or licensee) even if the assignment to the unregistered assignee preceded in time the assignment to the registered assignee. More generally: only after registration of the assignment can the new registered owner of the patent sue infringers in his own name or can he have licenses registered in his name as licensor.

Section 27: Joint Ownership of Patents

In the absence of any provision to the contrary between the parties, joint owners of a patent may, separately, transfer their parts, exploit the patented invention, and exercise the rights granted under Section 21, but may only jointly grant a license to a third party to exploit the patent.

Joint ownership of a patent may exist for various reasons. It will exist from the outset if several persons applied jointly for, and were granted, the patent. Joint ownership will come into existence later, for example, when the patent devolves upon several heirs, or if it is assigned to several assignees, or if the owner assigns only part of his interest in the patent (retaining to himself the rest of the interest).

Subject to one exception, each of the co-owners may exercise the same rights as he would have if he were the sole owner. The exception is that the grant of licenses requires the joint and concurrent action of all the co-owners. If the latter provision did not exist, the co-owner granting a license on too easy conditions would thereby frustrate all possibilities of exploitation to the benefit of the other co-owners.

As provided by the introductory words of this Section, the rules contained in the Section may be set aside by contract by the co-owners.

Countries whose general rules of law on joint ownership cover also the joint ownership of patents would have to modify this Section so as to bring it into harmony with those general rules. They could, of course, also omit any reference to patents in the general rules, or modify the general rules so as to bring them into conformity with this Section.

CHAPTER VII: CONTRACTUAL LICENSES

As already indicated, the Model Law has two main objectives: one is the encouragement, in the country adopting it, of inventive activity, industrial investment, and scientific and technical research connected therewith; the other is that patented inventions be exploited to the greatest possible extent in the country itself. Such exploitation may be carried out by the owner of the patent; it will probably, however, be usually carried out—particularly if the owner of the patent is a foreigner—by a domestic licensee.

This is why the Model Law contains detailed rules concerning the various types of licenses to exploit the invention (contractual licenses: Chapter VII; compulsory licenses: Chapter VIII; licenses of right: Chapter IX).

The present Chapter deals with contractual licenses.

It consists of six Sections (28 to 33).

Section 28 establishes the possibility of granting licenses by contract and provides certain conditions as to form.

Sections 29 to 31 are destined to help in the interpretation of contracts which are not sufficiently clear, or to fill in gaps where a contract does not contain any stipulation on an important question.

Section 32 has been inserted to enable the Government to exercise a certain control over license contracts involving royalty payments abroad.

Finally, the aim of Section 33 is to prevent licensors from stipulating conditions which would impose upon the licensee, in the industrial or commercial field, restrictions not deriving from the rights conferred by the patent.

These six Sections do not deal with all the legal aspects of license contracts. Such contracts, naturally, will be governed also by other provisions in the law of each country, particularly the general rules of the law of contracts. Other laws, such as those on restrictive business practices (anti-trust legislation), may be relevant too. The Model Law contains only rules *peculiar to* contracts dealing with the licensing of patents.

Section 28: License Contracts

(1) The applicant for or owner of a patent may, by contract, grant to some other person or undertaking a license to exploit his invention.

(2) The license contract must be in writing and shall require the signatures of the contracting parties.

(3) Any license contract shall be registered in the Patent Office, on payment of a fee fixed by the Rules; the license shall have no effect against third parties until such registration.

Sub-section (1) establishes the faculty of the owner of the patent to grant licenses by contract.

Sub-section (2) establishes the form of license contracts. They must be in writing and must be signed by the parties. The form is thus the same as for assignments (see Section 26).

Sub-section (3) provides for the mandatory registration of all license contracts in the Patent Office. The Model Law Committee was of the opinion that registration ought to be mandatory because it was desirable that the Government be informed about the grant of all licenses, and the economic value of the patents involved, and because compulsory registration enables licenses—if registered in fact—to be made effective also in respect to third persons.

The following are among the consequences of this effectiveness in respect to third persons:

(i) The license remains valid even after the licensor has transferred his rights in the patent to another person.

(ii) The registered owner of the patent cannot validly surrender the patent without the consent of the licensee (Section 46(4)).

(iii) The licensee may, in certain cases, introduce legal actions in his own name against infringers of the patent (Section 52(2)).

In the relations between licensor and licensee, the license contract will be fully effective even before it is registered and even if it is never registered.

Section 29: Right of Licensor to Grant Further Licenses

(1) In the absence of any provision to the contrary in the license contract, the grant of a license shall not prevent the licensor from granting further licenses to third persons, nor from exploiting the invention himself.

(2) The grant of an exclusive license shall prevent the licensor from granting licenses to third persons and, in the absence of any provision to the contrary in the license contract, from exploiting the invention himself.

Sub-sections (1) and (2) of this Section deal with non-exclusive and exclusive licenses, respectively.

Unless the contract expressly provides that the license is an exclusive license, the license is regarded as non-exclusive. Consequently, the licensor may, himself, exploit the invention, and may grant licenses to several licensees.

If, however, the contract provides for an exclusive license, no person other than the licensee may exploit the patent in the country, unless, with respect to the licensor, the contract provides otherwise.

A license is said to be partially exclusive when it is exclusive only for part of the duration of the patent, for part of the country's territory, or in respect of some only of the technical applications of the invention or of the acts referred to in Section 21. In such cases, sub-section (2) shall apply to whatever is designated as exclusive in the contract, and sub-section (1) shall apply to the residue.

Section 30: Rights of Licensee

In the absence of any provision to the contrary in the license contract, the licensee shall be entitled to exploit the invention during the whole duration of the patent, in the entire territory of the country, through any application of the invention, and in respect of all the acts referred to in Section 21.

This Section means that, unless otherwise stipulated in the license contract, the license will be regarded as allowing exploitation without limitation as to time, territory, method of exploitation, and as to the acts referred to in Section 21. The contract may provide for any of these limitations: it may limit the licensee's rights to part of the duration of the patent, to part of the country's territory, to less than all the various conceivable methods of technical application of the invention, or to less than all the acts (making, importation, sale, etc.) referred to in Section 21.

Section 31: Non-Assignability of Licenses

In the absence of any provision to the contrary in the license contract, a license shall not be assignable to third parties, and the licensee shall not be entitled to grant sub-licenses.

This Section means that, unless otherwise stipulated in the license contract, a licensee may neither assign the license nor grant licenses (the latter are called sub-licenses). Of course, the contract may authorize the licensee to do either or both. Such authorization may include certain limitations, for example, those referred to in connection with Section 30, or the limitation that the license may be assigned only together with the enterprise of the licensee.

Section 32: License Contracts Involving Payments Abroad

The Minister responsible for industrial property may, by order, provide that, on pain of invalidity, license contracts or certain categories of them, and amendments or renewals of such contracts, which involve the payment of royalties abroad, shall require the approval of. . . taking into account the needs of the country and its economic development.

This Section enables the Government of the country adopting the Model Law to provide for the compulsory control, and need for approval, of all license contracts by a Government authority in cases where the license contracts involve royalty payments abroad. The control and approval is to be made taking into account the needs of the country and its economic development.

Both the principle underlying this Section and its wording were thoroughly discussed by the Model Law Committee. It was remarked that in many countries this Section would be superfluous because such countries, in their laws on investments or foreign exchange control, already provide for a general control of all contracts and other legal transactions involving payments abroad, or even of some other acts, such as manufacture or importation of luxury articles, or the establishing of automated industrial plants. On the other hand, it has been pointed out that for countries not having such general provisions the Section may not go far enough because it does not provide for the control of the assignment of patents or of license contracts which do not provide for royalty payments abroad but which still may result in the outflow of money. An example of the latter situation would be the granting of a license to a local undertaking owned by a foreigner who transfers funds into foreign countries not in the form of patent royalties but in the form of dividends, remuneration for technical or managerial services, etc.

These observations have been countered by pointing out that license contracts would always be an important, if not the principal, means through which the exploitation of a foreign invention in the country would become possible. For these cases, and if the country has no general laws allowing the control of all payments going abroad, it might be of decisive importance for the country adopting the Model Patent Law to include, in that Law itself, provisions allowing the control under consideration.

The authority exercising this control could be the Minister responsible for industrial property or a special body designated by him. Since the questions involved would be purely economic in nature, neither the Patent Office nor the Courts should be designated for this purpose.

Section 33: Invalid Clauses in License Contracts

(1) Clauses in license contracts or relating to such contracts are null and void in so far as they impose upon the licensee, in the industrial or commercial field, restrictions not deriving from the rights conferred by the patent.

(2) The following in particular shall be deemed not to constitute such restrictions:

(a) limitations concerning the degree, extent, quantity, territory or duration of exploitation of the subject of the patent;

(b) limitations justified by the interest of the licensor in the technically flawless exploitation of the subject of the patent;

(c) the obligation imposed upon the licensee to abstain from all acts capable of impeding or preventing the grant of the patent or prejudicing its validity.

The aim of this Section is to prevent the licensor from imposing upon the licensee restrictions, in the industrial or commercial field, not deriving from the rights conferred by the patent.

The Model Law Committee devoted particular attention to this Section. It was observed, during the discussions of the Committee, that countries which have adequate anti-trust or other laws designed to prevent or strike down potentially harmful restrictions on free competition—including those which might have been included in license contracts or which might have been stipulated in connection with the licensing of patents—would not need, in their Patent Law, provisions of the kind contained in the Section under consideration. Countries not in this situation, on the other hand, might be well advised to include this Section in their Patent Law for the following reasons.

As already indicated in connection with Section 30, a licensor may, in several respects, set limits to any contractual license granted by him. The owner of a patent is under no obligation—subject to certain exceptions not relevant here—to grant a license and, whenever he does, should therefore be able to limit it. This does not involve any unjustified restriction of competition, because without a license no competition would be allowed at all within the limits of the patent.

At the same time, however, it is important that the licensor does not abuse his position by imposing, in the license contracts, additional limitations, in the industrial or commercial field, which are outside the scope of the patent grant. Such unlawful restriction may consist, for example, of a stipulation requiring the licensee to use, or purchase from the licensor, some unpatented materials or components. Another example may consist of stipulating that the licensee will not export to certain foreign countries when exportation is not already limited because of patents existing in such countries. Still another example may consist of stipulating that the licensee will not sell competing products not infringing the patent to which the license relates.

The Section under consideration contains only a general rule prohibiting certain restrictions. This is contained in sub-section (1). Examples of prohibited restrictions have been given above.

Sub-section (2), on the other hand, enumerates the principal restrictions which are lawful. These are the lawful restrictions which are most usual and are to be considered merely as examples. It is to be noted that fixing of prices is not among these permissible restrictions. In fact, pricing is outside the scope of patents and should be left to free competition.

Sub-section (1) provides that contractual clauses stipulating prohibited restrictions are null and void. They do not, as a rule, render null and void the other clauses of the contract. It may, however, be that the clauses to be declared null and void are so essential to the contract that, without them, the contract cannot stand. In this case, the whole contract may be declared null and void by the competent Court (cf. Section 58(1)) on the basis of the general rules of the law of contracts. In any case, it is in the interest of the security of the commercial relations of the country in which the license is exploited to uphold the validity of license contracts wherever possible.

It should be noted that in countries where license contracts, involving payments abroad, would be subject to Government control under Section 32, the Government itself has, in these cases, an opportunity to take into consideration any restriction imposed on the licensee. It may disallow on policy grounds even clauses which under Section 33(2) are not in themselves unlawful. If restrictions are contrary to the economic interests of the country, the Government will refuse to approve the contract, in which case the *whole contract* will be null and void. The power given by the Section under consideration to the Courts to declare null and void *certain* contractual *clauses* (cf. Section 58(1)) is, in these cases, an additional safeguard which might be invoked by the licensee even when the license contract received the approval referred to in Section 32.

CHAPTER VIII: COMPULSORY LICENSES

Adequate provisions for compulsory licenses are of exceptional importance for developing countries because such provisions constitute the best means to encourage the exploitation of patented inventions in the country itself and to avoid any economic or social drawbacks of the rights granted to the owner of the patent by Section 21.

Roughly speaking, a compulsory license is an authorization given by the competent authority to a person other than the owner of the patent to make, sell, etc., the patented product or use the patented process even though the beneficiary of the compulsory license has no authorization from the owner of the patent.

The Model Law provides for three main reasons for which compulsory licenses might be granted:

— non-working of the patented invention in the country or some other situations similar to non-working (Section 34; the term "working" means, in this context, exploitation, and is defined in Section 34(3));

— vital importance of the patented invention for the defence or the economy of the country or for public health (Section 35);

— impossibility of exploitation of a patented invention without using the invention, patented earlier, of another person (Section 36).

The Model Law Committee—which devoted particular attention to the matter of compulsory licenses—also considered, but rejected, other possible kinds of compulsory licenses. Thus, it considered whether it would be desirable to provide:

— that the Government of the country should always (and not only in the cases provided for in Sections 34 to 36) be entitled to a compulsory license, or,

— that compulsory licenses should be made available in the name of public interest, without specifying (as do Sections 34 to 36) the broad categories of situations in which public interest may justify compulsory licenses, or,

— that compulsory licenses should be made available for non-working not only in the cases and within the time limits provided for in Section 34 but whenever the owner of the patent has not filed with the Government (within 6 or 12 months after having been invited to do so) a concrete and satisfactory plan for starting the working of the invention within a stated period of time.

As already indicated, the Model Law Committee did not retain any of these general possibilities but preferred the Model Law to be more specific. It was found that if the provisions on compulsory licenses were to be very broad and vague it would be fairly easy to abuse them. This could lead to a general distrust of the value of patents in the country concerned, with the consequence that inventorship would not be encouraged and industrial investment in the country would be discouraged.

In connection with non-working, the Committee also considered whether it would be advisable to sanction it not only by compulsory licenses but also by the lapse of the patent or its revocation; in other words, whether it should be provided that if the owner of the patent did not exploit his invention for a certain number of years, the patent should either automatically lapse or should become revocable by a judicial or administrative authority. The Committee's attitude was negative. Although the lapse or revocation of unexploited patents may facilitate importation, these measures certainly do not encourage investments and industrialization which may become, without the protection of a patent, even less attractive than before. Furthermore, such provisions would again be too general, with the undesirable results indicated in the last sentence of the preceding paragraph. Finally, a system of automatic lapsing would be much too rigid, because the sometimes very valid reasons for non-working could not even enter into consideration.

It was mentioned in the Committee that although the laws of many countries provided for compulsory licenses, in actual fact the number of cases in which these provisions were invoked were relatively few. It was pointed out that this was no indication that the system of compulsory licenses did not attain the main objective it was created for. This objective is to cause the working of the patented invention in the country. Now, if the owner of the patent does not so work the invention, or hesitates to grant contractual licenses on reasonable terms, the mere fact that the law threatens him with compulsory licenses will usually induce him to grant licenses by contract on reasonable terms, after all. And if he does, not only the licensee but also the general public will be better off than they would be with an invention worked under a compulsory license since, in the case of a contractual license, the licensor usually not only authorizes the use of the patented invention but also transfers his technical know-how, which will allow of a more economic exploitation by the licensee, and better and cheaper products for the general public.

It has already been indicated that the first three Sections of the Chapter under consideration deal with the reasons for which compulsory licenses may be granted. The other Sections deal with certain requirements applicants for compulsory licenses must meet before a license may be granted (Sections 37 and 38), the scope of the compulsory licenses (Section 39), the compensation to be paid by the licensee (Section 40), the transfer of compulsory licenses (Section 41), their registration at the Patent Office (Section 42), their amendment and cancellation (Section 43), and, finally, the procedure for their grant (Section 44).

Section 34: Compulsory License for Non-Working and Similar Reasons

(1) At any time after the expiration of a period of four years from the date of the filing of an application for a patent, or three years from the date of the grant of a patent, whichever period last expires, any person interested may, in accordance with the conditions specified in Section 44, apply for the grant of a compulsory license upon one or more of the following grounds:

(a) that the patented invention, capable of being worked within the country, has not been so worked within the terms of sub-section (3);

(b) that the working of the patented invention within the country does not meet on reasonable terms the demand for the product;

(c) that the working of the invention within the country is being prevented or hindered by the importation of the patented article;

(d) that, by reason of the refusal of the registered owner of the patent to grant licenses on reasonable terms, the establishment or development of industrial

This Section deals with compulsory licenses for non-working in the country and similar reasons.

"Working" has a special meaning and is defined in sub-section (3). Working means any of the following acts: (i) manufacture of a patented product or article, (ii) application—in the sense of industrial exploitation or use—of a patented process, (iii) use in manufacture of a patented machine. Other acts do not fall under the definition of "working." In particular, importation or sale of the patented article, or the use of a patented machine for purposes other than manufacture, will not be regarded as "working." Thus, it can be seen that the Section intends that only exploitation in the country in an *industrial way* should be regarded as working.

Sub-section (1)—in paragraphs (a) to (d)—specifies the main cases in which a compulsory license may be granted for non-working or similar reasons. But since it is manifestly impossible to start working (or to meet the other specified conditions) immediately after a patent is granted, it is necessary to provide for a time limit before which no compulsory license can be granted by virtue of the Section under consideration. The time limit fixed in sub-section (1) is a reasonable one and meets the minimum requirements set out by the Paris Convention for the Protection of Industrial Property (see Article 5A(4) of the Convention). The time limit is whichever of the following periods last expires: 3 years from the date of the grant, 4 years from the date of the filing of the patent application. In countries without examination as to the substance of

or commercial activities in the country is unfairly and substantially prejudiced.

(2) In all the above cases, a compulsory license shall not be granted if the owner of the patent justifies himself by legitimate reasons. Importation shall not constitute a legitimate reason.

(3) Working of a patented invention under this Section means the manufacture of a patented article, the application of a patented process, or the use in manufacture of a patented machine, by an effective and serious establishment existing within the country, and on a scale which is adequate and reasonable in the circumstances.

(4) The compulsory license shall permit the licensee to perform some or all the acts referred to in Section 21 with the exception of importation.

the application, it is quite likely that the patent will be granted within the first year after application. In these cases, the time limit will expire 4 years after the filing of the application.

Paragraphs (a) to (d) of sub-section 1 are largely self-explanatory.

Paragraph (a) contains an express reference to sub-section (3) which, as already indicated, defines "working." The same term is also used in paragraphs (b) and (c). The definition holds for these paragraphs too, as far as applicable, since it is given for the purposes of the whole of the Section under consideration.

Paragraph (b) deals with the case where the invention is worked in the country but this working does not meet on reasonable terms the demand for the product (irrespective of whether the patent is for the product itself or for a process which is used to make the product). This might be the case when the quantity manufactured in the country is not sufficient, resulting in a scarcity of the product, or when the sales price is so unreasonably high that the acquisition of the product is beyond the purchasing power of the public.

Paragraph (c) is mainly intended to cover the case in which the lack or insufficiency of working in the country is caused by massive importation into the country of products manufactured abroad. In this case, the royalties fixed under a compulsory license may make the products manufactured in the country cheap enough to compete with the imported products.

Paragraph (d) deals with the situation in which the establishment or development of industrial or commercial activities of the country is unfairly and substantially prejudiced. Such a situation may arise, for example, when the product is not manufactured in a quantity or for a price making it exportable to foreign countries into which the products could otherwise be imported.

Even if the conditions set out in sub-section (1) are met, no compulsory license may be granted if the owner of the patent justifies the non-working, etc., "by legitimate reasons" (sub-section (2)). Such reasons would be, for example, if for economic or technical reasons it was not possible to meet the conditions. In view of the aim of the Section—stimulation of working *in the country*—the fact that the owner of the patent did import the product into the country, put it there on sale on reasonable terms, etc., will not, in itself, constitute a legitimate reason permitting the avoidance of compulsory licenses.

Sub-section (4) specifies the acts which the holder of a compulsory license may be allowed to do. He may be authorized to make, sell, use, stock, and apply (see Section 21). However, he may not import because importation would defeat the purpose of the compulsory license, which is working *in the country*.

Section 35: Compulsory License for Products and Processes Declared to be of Vital Importance for the Defence or Economy of the Country or for Public Health

The Minister responsible for industrial property may, by order, provide that, for certain patented products and processes, or for certain categories of such products and processes, which are declared by that order of vital importance for the defence or the economy of the country or for public health, compulsory licenses may be granted, in the conditions provided for in Section 34, even before the expiration of the period mentioned in subsection (1) of that Section and even for importation into the country.

The Model Law Committee was of the opinion that Section 34 may not always be sufficient to cover all situations in which compulsory licenses may be necessary. It therefore suggested the insertion in the Model Law of a provision which would enable the Government to designate certain vital areas in which compulsory licenses could be made available *at any time*, i.e., even before the waiting period provided in Section 34, and not only for manufacture in the country but *even for importation* into the country.

The Section under consideration embodies the provisions corresponding to these suggestions.

It is to be noted that because, as indicated, compulsory licenses under this Section may be granted even for importation, promotion of local manufacture is not necessarily among the aims of the Section. Its aim is rather to meet the needs of national defence, national economy, or public health, in situations in which the owner of the patent or his licensee under contract or under a compulsory license granted under Section 34 did not meet these needs.

The provision is very broad in that it does not specify the type of products or processes which might be brought within its reach. The needs vary so much from country to country that the Model Law Committee considered it wisest to leave it to the Government of each country, if it wished to do so, to designate by order the specific products or processes, or certain categories of products or processes, to which Section 35 would then become applicable because of their vital importance.

Some countries may regard certain patents for arms as vital to their national defence, others may regard certain inventions concerning oil or iron extraction as vital to their national economy, still others may regard certain food products or drugs (pharmaceutical products) as vital to the health of their population.

In cases of this kind, the faculty offered by this Section to the Government may be made use of. This faculty, however, should be used with measure and caution, because in all cases in which it is used it is likely to stifle invention, research and investment.

Section 36: Compulsory Licenses Based Upon Interdependence of Patents

(1) If an invention protected by a patent within the country cannot be worked without infringing rights deriving from a patent granted on a prior application or benefiting from an earlier priority, a compulsory license may, upon application, be granted under the conditions specified in Section 44 to the registered owner of the later patent, to the extent necessary for the working of his invention, in so far as such invention serves industrial purposes different from those of the invention forming the subject of the earlier patent, or constitutes noteworthy technical progress in relation to it.

(2) If the two inventions serve the same industrial purpose, a compulsory license shall be granted only if a license is granted in respect of the later patent to the registered owner of the earlier patent, if he so requests.

The Section deals with the case in which a patented invention cannot be worked without also using an invention which has been patented by another person on the basis of an earlier application. Under the system of the Model Law, not more than one patent can validly exist for the *same* invention, because a later patent for the same invention has to be declared null and void (Section 47(1)(c)). However, cases exist where a patented invention is different from another invention, patented before, but is *dependent* on it in the sense that it cannot be worked without applying the earlier patent also.

In such cases, only two possibilities exist to avoid infringement of the earlier patent: either the later patentee obtains a contractual license from the earlier patentee, or, if he cannot obtain a contractual license, he is granted a compulsory license.

The Section under consideration makes the granting of compulsory licenses possible in such cases. This possibility is subject to the following conditions: (i) the patented invention must serve industrial purposes *different* from those served by the earlier patent, or (ii) constitute a *noteworthy technical progress* in relation to the invention protected by the earlier patent. In the latter case, when both patents serve the same industrial purposes, a compulsory license shall only be granted if a reciprocal license is granted in respect of the later patent to the owner of the earlier patent, if he so requests. A balance of interests is thus assured.

Section 37: Refusal of Contractual License

Any person who applies for a compulsory license under Sections 34, 35 or 36, must furnish proof showing that he has previously approached the registered owner of the patent, by registered letter, requesting a contractual license but has been unable to obtain such a license from him on reasonable terms and within a reasonable time.

The aim this Section pursues is that a compulsory license should be granted only where efforts for a reasonable contractual license have failed: such a contractual license is in the best interests of both the licensee and the public, since, as stated in the introduction to the Chapter under consideration, only contractual licenses are likely to carry with them the know-how of the patentee frequently indispensable for economic exploitation, and for better and cheaper service to the public.

The registered letter referred to in this Section must be sent to the address or addresses indicated in Section 19(3).

If the applicant for a contractual license has not, within a reasonable time, received a reply from the registered owner of the patent, or if the reply is negative, an application for a compulsory license may be made on this ground. The position will be the same if a contractual license has been offered by the owner of the patent on terms judged by the competent

authority to be unreasonable. If, on the other hand, the applicant for the license has refused to accept a license offered to him on terms considered reasonable by the competent authority, he has not fulfilled the provisions of Section 37, and his application for a compulsory license will therefore not be acceptable.

Section 38: Guarantee Required from Applicant for a Compulsory License

In the cases provided for in Sections 34 and 35, a compulsory license shall be granted only to an applicant offering the necessary guarantees to work the invention sufficiently to remedy the deficiencies or to satisfy the requirements which gave rise to the application for the compulsory license.

The terms of this Section are self-explanatory. It is only natural that if there are not sufficient guarantees that the applicant will be able to remedy the situation which gave rise to the possibility of asking for a compulsory license, then there is no reason to grant one to him. In such cases, the application must be refused.

Section 39: Scope of Compulsory License

(1) Compulsory licenses shall be non-exclusive.

(2) The terms of a compulsory license, fixed in accordance with Section 44, may contain obligations and restrictions both for the licensee and for the registered owner of the patent.

Sub-section (1) means that the grant of a compulsory license to a given person prevents neither the grant by the competent authority of further compulsory licenses to other persons nor the grant of contractual licenses by the owner of the patent.

Sub-section (2) means that, when fixing the conditions of the compulsory license, the competent authority may provide for obligations and restrictions either for the owner of the patent or for the licensee, or both. Thus, for example, the exploitation of the invention by the grantee of the compulsory license may be limited as to time, or territory, or the acts authorized. On the other hand, the owner of the patent may, for example, be prohibited from surrendering his patent without the consent of the licensee.

Section 40: Compensation

A compulsory license shall only be granted subject to the payment of adequate royalties commensurate with the extent to which the invention is worked.

A compulsory license naturally involves the obligation to pay royalties. Otherwise it would amount to confiscation.

As it is practically impossible to predict, at the time the compulsory license is granted, of what economic value the license will be to the licensee, a lump-sum compensation would be haphazard and arbitrary. This is why the provision requires royalties commensurate with the extent to which the invention is worked. Thus, for example, the compensation may be expressed in terms of a given percentage of the sales made.

Naturally, the parties may agree on the compensation. In this case the competent authority will be relieved of the duty of fixing it (see Section 44(3)).

Section 41: Transfer of Compulsory License

(1) A compulsory license can only be transferred with the undertaking of the licensee or with that portion of his undertaking which uses the patented invention. Any such transfer shall, on pain of invalidity, require the authorization of the authority which granted the compulsory license; Sections 42 and 44 shall be applicable.

(2) The grantee of the compulsory license shall not be entitled to grant sub-licenses.

In order to avoid possible abuses, this Section sets limits as to the transferability of compulsory licenses. They may be transferred only with the enterprise of the compulsory licensee or with that portion of his undertaking which is exploiting the invention. Even such transfers require the authorization of the authority which granted the compulsory license. This authority will have to give a chance to the registered owner of the patent to be heard (see Section 44(2)).

Section 42: Registration of Compulsory License at Patent Office

Every compulsory license shall, either at the request of the interested party or ex officio, be registered at the Patent Office without fee. The license shall have no effect as against third parties until such registration.

In the same way as for assignments or transfers of patent applications and patents (Section 26(3)) and contractual licenses (Section 28(3)), it is prescribed that compulsory licenses must be registered. However, as every compulsory license also touches the public interest, its registration is not left only to the parties concerned, but must also be carried out ex officio by the Patent Office, to which these licenses are notified (Section 44(4)).

The effect of the registration of compulsory licenses is the same as in the other cases mentioned above; in the relations between licensor and licensee the compulsory license will be effective after its grant, but it will become effective against third parties only by virtue of its registration.

Section 43: Amendment and Cancellation of Compulsory License

(1) Upon the request of the registered owner of the patent or of the licensee of the compulsory license, the terms of the license may be amended by the authority which granted it when new facts justify it, in particular when the registered owner of the patent grants

The Model Law Committee examined with particular care the question of possible amendments to and cancellation of compulsory licenses. Section 43 reflects the outcome of these deliberations. Its provisions leave sufficient freedom of appreciation to the competent authority.

The final provision of sub-section (2) is intended to keep free from prejudice the licensee if the

contractual licenses on terms more favorable to the contractual licensees.

(2) At the request of the registered owner of the patent, the compulsory license may be cancelled if the licensee does not comply with the prescribed terms of the license or if the conditions which justified the grant of the compulsory license have ceased to exist; in the latter case, a reasonable time shall be given to the licensee to cease working the invention if an immediate stoppage would cause serious damage to him.

(3) Sections 42 and 44 shall be applicable to the amendment and cancellation of compulsory licenses.

license is cancelled after he has started to exploit the invention.

Section 44: Procedure

(1) Any application for a compulsory license shall be made to the Court.

(2) The Registrar of the Court shall invite, by registered letter, the applicant for the license and the registered owner of the patent to appear or to be represented before the Court within a reasonable time; the Court shall hear the party or parties or their representatives who have appeared. Before granting a compulsory license, the Court shall seek the advice of the Minister responsible for industrial property, who may delegate a representative to intervene at the hearing and to make any pertinent observations.

(3) The Court shall first decide whether a compulsory license can be granted. If it finds that it can be granted, it will give the parties reasonable time to agree on the terms. If there is no agreement between the parties when the time limit expires, the Court shall fix the terms, including the amount of royalties referred to in Section 40. The terms of a compulsory license, including those relating to royalties, shall be considered

Efficient functioning of the system of compulsory licenses requires careful regulation of the procedure of the grant. The Model Law merely indicates the general framework of a possible procedure. The suggested provisions may, of course, be adjusted so as to conform with the general system of administrative and court procedures existing in the country. In any case, certain details will require further regulation, possibly in the Rules referred to in Section 59.

Sub-section (1) is self-explanatory.

Sub-section (2) provides, in essence, that the Court must give a chance to the parties to be heard by the Court (as to the notification to the registered owner of the patent, see Section 19(3)) and—as every compulsory license has also a public interest aspect—that the Court must seek the advice of the Minister responsible for industrial property.

As already indicated, any country may adapt these provisions to its special circumstances. For example, countries having a system in which patent applications are examined as to their substance and, consequently, having Patent Offices specialized in the technical side of inventions, may provide that the first decision on the grant of compulsory licenses will be made by the Patent Office. Such decision should be made open to appeal to a Court because of the safeguards of impartiality which are implicit in court procedures. Another point on which a country might wish to depart from the Model Law concerns the question of which Government authority, specialized in economic or industrial questions, should be consulted by the Court or the Patent Office.

to constitute a valid contract between the parties.

(4) The decision of the Court granting a compulsory license shall be notified by the Registrar of the Court to each of the parties involved and to the Patent Office.

Sub-section (3) means that the authority receiving the application for the compulsory license (i.e., the Court, if sub-section (1) is followed) will first examine and decide whether a compulsory license can be granted, that is, whether the applicable conditions described in Sections 34 to 36 exist and whether the applicant meets the requirements provided for in Sections 37 and 38. If the answer is positive in both respects, the authority will grant a certain time—for example a few weeks—to the applicant and the registered owner of the patent to agree on the terms of the exploitation. If they agree, the role of the authority is ended. If they do not agree, then the authority will, itself, fix the terms of exploitation, in particular: the acts the licensee is authorized to do in the cases of licenses under Sections 34 and 35 (Section 34(4)), the possible obligations and restrictions concerning either party (Section 39(2)), and the basis of computing the royalties (Section 40). Even where the terms are fixed by the authority, they will be treated as if they were the stipulations of a contract between the parties. This will allow the application of the general rules of the law of contracts as to the interpretation and execution of the license.

Sub-section (4) means that the authority granting a compulsory license must inform the Patent Office as well as the parties. The Patent Office must register the compulsory license (see Section 42).

CHAPTER IX: LICENSES OF RIGHT

Section 45: Licenses of Right

(1) Any registered owner of a patent not precluded by the terms of any previously registered license from granting further licenses may apply to the Patent Office to have, in respect of his patent, the mention "licenses of right" entered in the Register. The mention shall be entered in the Register, and this fact shall be published by the Patent Office as soon as possible.

(2) The entry of this mention in the Register shall entitle any person to obtain a license to exploit the said patent upon such terms as shall, in the absence of agreement, be fixed by the Court.

(3) The amount of the annual fees payable in respect of any patent after the date on which the mention "licenses of right" has been entered in the Register shall be reduced by one half.

(4) The registered owner of the patent may, at any time, apply to the Patent Office to cancel the entry "licenses of right." If no license is in force, or if all licensees agree thereto, the Patent Office shall cancel the entry, after payment of all fees and annual fees which would have been payable if the entry had not been made in the Register.

(5) The provisions of Sections 28(3), 30, 32, and 33, shall be applicable equally to licenses of right.

(6) The grantee of a license of right may neither assign it nor grant sub-licenses under it.

This Chapter, consisting of a single Section, deals with a system of licenses which, as to its nature, is somewhere between contractual (i.e., voluntary) and compulsory licenses.

Simply stated, the system works as follows. The registered owner of a patent asks the Patent Office to mark his patent "licenses of right." The fact is published by the Patent Office. Any person can come and ask for a license. In other words, any person shall be entitled *as of right* (hence the name "licenses of right") to become a licensee. The terms are either agreed between the owner and the applicant, or, if they cannot agree, are fixed by the Court. The advantage to the owner is that the availability of his invention is publicized and that the renewal fees of his patent are reduced by 50%. The advantage to the general public is that no-one may be excluded from the exploitation of the patented invention. The advantage to the applicant is that if he cannot agree on the terms, the Court will fix them, taking into account all interests concerned.

The owner of the patent is not obliged to throw open his patent to licenses of right. His act is voluntary. But once he decides to do it, the system resembles that of a compulsory license, since the terms of the license will be forced upon the owner by the Court, unless, of course, he agrees with the applicant, which he probably usually will. However, there is a substantial difference between compulsory licenses and licenses of right in that in the case of compulsory licenses the applicant must justify his request (see Sections 34, 35, 36) and meet certain requirements (see Sections 37 and 38) whereas this is not the case as far as licenses of right are concerned.

This system may be specially attractive to developing countries because once a patent is thrown open to licenses of right it will no longer depend on the will of the owner of the patent whether the patent will be exploited in the country: anybody can obtain a license and, on the basis of that license, work the patented invention in the country or import into the country the patented product (or the product manufactured by a patented process).

CHAPTER X: SURRENDER AND NULLITY

This Chapter consists of three Sections, the first dealing with the total or partial surrender of a patent by its owner (Section 46), the other two dealing with the declaration of nullity of a patent or of some of its claims (partial nullity) (Sections 47 and 48).

Section 46: Surrender of Patent

- (1) A patent may be surrendered by its registered owner by written declaration addressed to the Patent Office.
- (2) The surrender may be limited to one or more claims of the patent.
- (3) The surrender shall be immediately registered and published by the Patent Office. Surrender shall be effective only after it has been registered.
- (4) If a contractual license or a license of right is registered at the Patent Office, surrender of the patent shall only be registered upon the submission of a declaration by which the registered licensee consents to the surrender.

If the owner of a patent no longer desires to benefit by it, the simplest way to lose his patent consists of ceasing to pay the annual fees provided for in Section 25. This will result in the lapse of the patent. There may, however, be cases—for example, as the result of business negotiations—in which the owner of the patent wishes to forfeit his patent, or some of the claims included in the patent, with immediate effect. This voluntary forfeiture is called surrender, and the procedure for effecting it is regulated by the Section under consideration.

Surrender may be prejudicial to licensees having made preparations for, or engaged in, the exploitation of the invention, in reliance on the patent. This is why sub-section (4) requires the consent of the registered licensees, if any, to the surrender. This requirement applies in the case of contractual licenses and in the case of licenses of right. It does not apply to compulsory licenses: the interests of the holders of compulsory licenses may be safeguarded by the authority granting them. In fact, under Section 39(2) the authority granting the compulsory license may order that the registered owner will need the licensee's consent to any surrender.

Mere failure on the part of the registered owner of the patent to pay the annual fees cannot bring the licensees into a situation in which the patent is lost because they themselves can always pay the fees and thereby maintain the patent.

Section 47: Nullity of Patent

- (1) On the request of any person, including any competent authority, the Court shall declare a patent null and void:
 - (a) if the subject of the patent is not patentable within the terms of Sections 1 to 5;

It is indispensable to provide in any patent law that patents which do not satisfy the requirements of the law—that is, patents which never should have been granted—shall, on request, be declared null and void.

Such a provision is of particular importance if the law does not provide for an examination of the applications as to their substance (Alternative A under Section 18). In such a system, the risk that patents will be granted which do not satisfy the requirements of the law is much greater than in a

(b) if the description of the invention or the claim or claims in the patent do not satisfy the requirements of Section 13;

(c) if, for the same invention, a patent has been granted in the country as the result of a prior application or of an application benefiting from an earlier priority.

(2) If the provisions of the preceding sub-section affect only part of the patent, nullity shall be declared in the form of a corresponding limitation of the claim or claims of the patent.

(3) The Court may require the registered owner of the patent to submit to it for the purpose of examination the list of publications or earlier patents which may have been referred to in connection with either a patent application filed for the same invention by the registered owner himself or his predecessor in title with the Patent Office of another country or any proceedings relating to the patent in question. The same requirement may be made by the Court in regard to publications or patents mentioned in any report sent to the registered owner of the patent or his predecessor in title by a governmental or intergovernmental search institute.

system with examination as to the substance of the applications. See the comments introducing Chapter III. Nevertheless, even in the latter system there must be a possibility of annulment of patents wrongly granted.

The nullity will be declared by the judicial authorities on request of "any person, including any competent authority" (sub-section (1)). Public Prosecutors, acting on behalf of the State, would be particularly qualified to initiate an action for the declaration of nullity since it is in the public interest that invalid patents should not be allowed to stand and thereby give the impression that they are valid.

The reasons for which patents shall be declared null and void are defined in paragraphs (a), (b) and (c) of sub-section (1).

They are the following:

(a) the subject matter of the patent is not patentable within the terms of Sections 1 to 5;

(b) the description of the invention or the claim or claims in the patent do not satisfy the requirements of Section 13.

It should be recalled in this connection (cf. the comments accompanying Section 13) that the requirements established by Section 13 are not to be interpreted too strictly. As far as the description is concerned, all that is required is that it be sufficiently complete and clear to allow a man skilled in the art to carry out the invention, even if he is not able to carry it out in the best possible way. As far as the claims are concerned, it is not required that the claims be completely precise and cover, to the last letter, the protection asked for without exceeding the literal contents of the description. The claims must, in any case, be interpreted in the light of the description and the drawings (if any; see Section 22). What *is* required is that the claims, so interpreted, provide a sufficient basis for determining the scope of the patent and that they do not claim elements of the invention which are not explained at all in the description of the invention;

(c) for the same invention, a patent has been granted in the country as the result of a prior application or of an application benefiting from an earlier priority. This provision is necessary in order to prevent the existence of two or more patents for the same invention. As far as non-identical, but dependent, inventions are concerned, see Section 36.

Sub-section (2) deals with the case of partial nullity. In this case, the nullity is to be declared in the form of limitations of the claim or claims: depending on the situation, one or more of the claims will be declared null and void, or the text of any given claim will be reworded in a way which will narrow its scope.

Sub-section (3) is particularly important in a system in which patent applications are not examined as to the novelty of the inventions (Alternative A under Section

18). The provision enables the Court to require the defendant to produce the results of novelty examination in other countries. Such results may, of course, help the Court in its task of determining whether the invention meets the requirement of novelty.

Section 48: Effects of Declaration of Nullity

(1) A patent declared to be null and void shall be regarded as having been null and void from the date of its grant. Nevertheless, where licenses have been granted, the nullity shall not entail the repayment of the royalties by the licensee in so far as he has effectively profited from the license.

(2) When the declaration of nullity becomes final, the Registrar of the Court shall notify it to the Patent Office which shall enter it in the Register and publish it as soon as possible.

This Section deals with the effects of a Court decision declaring the patent null and void. It is provided that the declaration has a retroactive effect, as a patent contrary to the law should not have been granted in the first place. The effects of this retroactive nullity of patents will be governed by the general rules of law concerning nullity. Nevertheless, in special circumstances, the Section under consideration somewhat mitigates the consequences of retroactivity: where a license (contractual, compulsory, or of right) has existed during the apparent validity of the patent and royalties have been paid under such license, the licensee will have no right to claim the reimbursement of the payments he has made in so far as he has benefited by his protected situation and the license. The Courts shall have the discretion necessary to weigh the circumstances of the concrete situation.

CHAPTER XI: INFRINGEMENT OF RIGHTS UNDER THE PATENT

This Chapter contains provisions dealing with the infringement of patent rights. Sanctions are necessary since rights without remedies are devoid of practical value. However, the Model Law cannot go into details because the civil and penal sanctions to be provided in connection with patents must naturally be in harmony with the general system of remedies and sanctions existing in the country adopting the Model Law.

In any case, the *procedure* for applying civil or penal sanctions will in its totality be governed by the codes or laws of procedure of the country.

Consequently, the Model Law merely indicates some of the usual general rules, leaving it to each State adopting the Model Law to adapt them and to complete them according to its legal system.

The Chapter under consideration contains four Sections: one on civil sanctions (Section 49), one on penal sanctions (Section 50), one on the presumption of use of a patented process (Section 51), and, finally, one on the power given to the licensees to initiate, under certain circumstances, legal actions (Section 52).

Section 49: Civil Sanctions

(1) A registered owner of a patent whose rights under Sections 21 and 22 are threatened with infringement, or are infringed, may institute legal proceedings designed to prevent the infringement or to prohibit its continuation.

(2) In case of infringement of these rights, the registered owner of the patent may also claim damages and the application of any other sanctions provided for in the civil law.

The rights offered by the patent are defined in Sections 21 and 22. Each of the acts described in Section 21 (making, selling, etc.), falling within the scope of the protection as defined in Section 22, done by a person without authorization—that is, outside a contractual license, compulsory license, or license of right—or outside the limitations provided for in Sections 23 and 24, constitutes an infringement of the rights of the owner of the patent.

Sub-section (1) entitles the owner of the patent to institute legal proceedings not only when his rights have already been infringed but also when they are threatened with infringement. The latter measure is designed to prevent infringement before it really gets under way and before it results in damage difficult or impossible to repair.

Sub-section (2) provides that once infringement has been committed, the owner of the patent may also claim damages and the application of any other sanctions provided for in the general civil law of the country (for example, seizure and destruction of the infringing products or machinery used for the making of such products; paying over of the profits made by the defendant to the plaintiff).

Civil action may be instituted even where the infringement was unintentional. In this case, however, the Court may mitigate the damages if the general rules of law provide for this possibility.

Section 50: Penal Sanctions

- (1) Any intentional infringement of the rights of a registered owner of a patent under Sections 21 and 22 shall constitute an offence.
- (2) Such offence shall be punishable by a fine not exceeding.....or by imprisonment not exceeding..... months, or both.
- (3) In the event of recidivism, the maximum penalties shall be doubled.
- (4) Recidivism shall be deemed to have occurred when, in the course of the five preceding years, the offender has been convicted of another infringement of a patent.

The Model Law Committee examined with particular care the question of whether and in what form the Model Law should provide for penal sanctions against infringers of patent rights.

The Committee was of the opinion that penal sanctions should be provided for because the infringement of patents affects also the public interest and might be the only means of practical efficacy to stop such infringement. It was agreed that penal sanctions should be available only where the infringement was intentional. The Section under consideration contains only some basic rules without proposing any amounts for the fines or the duration of imprisonment. These and other questions will naturally have to be settled in each country according to the principles of its own penal system. It may also be that in certain countries, where the general penal laws are broad enough to apply also to violations of patent rights, it will be sufficient to replace some or all of the provisions contained in sub-sections (2) to (4) by a simple reference to the effect that infringements of patent rights are punishable according to the provisions of the penal code.

Section 51: Presumption of Use of a Patented Process

If a patent is in respect of a process for the manufacture of a new product, the same product, manufactured by a third party, shall, in the absence of proof to the contrary, be presumed to have been manufactured by that process.

The plaintiff who alleges that his rights are infringed, or are threatened with infringement, has to prove not only that he is the registered owner of the patent but also that the defendant did or prepared, without permission, one or more of the acts, in respect to products or processes, referred to in Section 21.

In respect to *products*, the proof will generally not be too difficult as the plaintiff is usually in a position to introduce in evidence specimens of the product sold or used by the defendant. In the case of *processes*, however, proof will generally be more difficult because it is not easy to prove that the process has been used by the defendant, for example, in his industrial plant to which neither the plaintiff nor the Court has access. The Model Law does not provide for the possibility of search or inspection of the factory of the defendant, because of the abuses such a procedure easily lends itself to. It contains, however, in one particular case, a measure which reverses the burden of proof. Where the product directly resulting from the use of a patented process was *new* at the date of the patent application or its priority date, it is reasonable to presume that the same product, if manufactured by another person, has been made by the same process. The Section under consideration does just this. The presumption will be useful in cases where the patent only covers the process and contains no claim as to the new product

itself, either because the patentee neglected to make such claims or because the product itself is unpatentable (cf. Section 5 and Commentary thereon).

Section 52: Legal Proceedings by Licensee

(1) Any licensee under a contractual or compulsory license, or a license of right, may, by registered letter, require the licensor to introduce the legal actions necessary to obtain civil or penal sanctions in respect of any infringement of the patent indicated by the licensee.

(2) If the licensor refuses or neglects to introduce the said legal actions within three months of the request, the licensee under the registered license may introduce them in his own name, without prejudice to the right of the licensor to intervene in such actions.

One of the aims of the Model Law designed for developing countries is to create a strong position for licensees. Developing countries need licenses for the creation of local industries. The Section under consideration strengthens the position of licensees by giving them—irrespective of whether the license they benefit by is contractual, compulsory, or of right—the right to initiate, in their own name, legal proceedings for infringement whenever the owner of the patent does not initiate one within a stated period of time after having been required by the licensee to do so. The measure is a necessary one in the interest of the licensee. Without it, he would have no arms at his disposal to counter infringements which may completely undermine his own possibilities of exploitation. Even if the licensee sues under his own name, the owner of the patent must be given—and is given—the right to intervene in the action so that he may contribute to the best possible defence of the patent and the most efficient prosecution of infringers. The form and other details of the intervention are naturally left to the general rules of the law of civil and penal procedure of each country.

PART II: TECHNICAL KNOW-HOW

As stated above, the Model Law deals with the protection not only of patentable inventions but also of technical know-how. For the purposes of this part, "technical know-how" means manufacturing processes and knowledge concerning the use and application of industrial techniques.

The protection offered by the Model Law to technical know-how applies whether a given technical know-how is patentable or not. Of course, if it is patentable and has been patented, Part II will not apply. Part II applies only when, though patentable, it has not been patented, or when it is unpatentable.

Existing patent laws do not contain, at the present time, provisions of the kind included in Part II, and doubts were voiced in the Model Law Committee as to whether the Model Law should depart from the general situation and try to deal also with technical know-how. The doubts were largely based on the consideration that the solution would be only a partial one since the problem of the transfer of technical know-how to developing countries was a problem of a scope much wider than can be resolved through a model law, and that important studies on the problem of the transfer of technology were under way and might yield solutions of a wider applicability than the rather simple measures suggested in Part II.

Nevertheless, in the end, the Committee agreed that it would be useful and desirable to insert provisions of a limited nature on the protection of technical know-how in the Model Law, as it considered that such provisions might be of special interest to developing countries.

The provisions have two advantages for developing countries.

One of them is that they create an additional encouragement for industrial investment. Some types of industrial investment may be connected more with unpatented technical know-how than patented inventions. For these, of course, protection, to some extent, of technical know-how will be an important consideration. The protection offered by the Model Law is a protection against the dishonest disclosure, communication, or use of **secret** technical know-how.

The other advantage for developing countries is that the provisions would enable Governments to exercise a certain control over contracts concerning technical know-how. Much of the technical know-how comes, of course, from abroad, and it is made available under license contracts. Some of the technical know-how is connected with patents and the contracts licensing the use of patents will frequently also deal with the licensing of technical know-how. This, however, is not necessarily the case. Much of the technical know-how is not connected with patents and even if it is, it might be made the subject matter of a distinct licensing agreement. Part II extends the possibility of Government control to contracts licensing technical know-how if they involve payments abroad. Thus most of the contracts concluded with foreigners would come under its coverage.

Part II contains five Sections (Sections 53 to 57). Section 53 provides that non-secret technical know-how is free, and secret technical know-how is protected. Section 54 defines the protection of secret technical know-how. Section 55 deals with the problem of the independent acquisition of technical know-how. Section 56 deals with transfers and licenses, and Section 57 deals with legal proceedings.

Section 53: Conditions of Protection of Technical Know-How

(1) Subject to any right conferred by patents in force and the provisions of sub-section (2) of the present Section, manufacturing processes or knowledge concerning the use and application of industrial techniques shall be in the public domain.

(2) Nevertheless, provided that these processes and knowledge have not been published or made available to the public, they shall be protected against unlawful use, disclosure or communication by third parties, on condition that the person who has developed them has taken the necessary steps to preserve their secret character.

Sub-section (1) enunciates the principle according to which technical know-how is, as a rule, in the public domain, that is, can be freely used by anybody. The same sub-section, indicates the exceptions according to which technical know-how may not be free in either of the following two cases: when it is patentable and has been patented; when it is secret within the meaning of sub-section (2).

Sub-section (2) deals with the second case. It follows from this sub-section that technical know-how will be regarded as secret if the person who developed it did not do certain things *and* did certain other things. The things the developer is not allowed to do if he wants the protection of the Law are publishing and making available to the public. The thing the developer has to do if he wants protection is to take the steps which are necessary—under normal circumstances—to preserve the secret character of the technical know-how. He must, for example, impose secrecy on his personnel and prohibit access of third parties to his plant.

The same sub-section also indicates the acts which are lawful only with the permission of the developer of the secret technical know-how. These acts are: use, disclosure, and communication.

Section 54: Unlawful Acts

Any use, disclosure, or communication, without the consent of the owner, of the processes and knowledge referred to in Section 53(2) by any person who is aware of their secret character, as referred to in Section 53(2), or who could not fail to be aware of such character, shall be deemed to be unlawful.

This Section is largely self-explanatory. Examples of the three kinds of unlawful acts referred to in this Section could be the following:

An employee, without his employer's permission, communicates secret drawings to a competitor of the employer (unlawful communication).

A competitor uses in his manufacture the secret drawings of another person, after having stolen them from this person or having obtained them through bribing an employee of such person (unlawful use).

A competitor who came into possession of the said drawings through any of the above methods publishes them in a trade journal (unlawful disclosure).

These acts are unlawful when the person, who commits them, is aware of the secret character of the processes or knowledge concerned or could not fail to be aware of such character.

Section 55: Independent Acquisition

Any person who has developed, by his own means, manufacturing processes or knowledge concerning the use and application of industrial techniques and any person who has legally acquired those processes or that knowledge from the former shall, even if another person has kept secret the same processes and knowledge, be free to use, disclose, or communicate them.

This Section means, in essence, that if two persons develop, independently of each other, the same technical know-how, neither of them has any rights against the other.

The provision is in sharp contrast to what would be the rule under a patent. If two persons make the same invention independently of each other, the one who is protected (because he obtains the patent) has generally (i.e., unless Section 24 concerning previous manufacturing applies) the same right of exclusion against the other independent inventor as against any other member of the public. Not so in the case of technical know-how. If two persons develop the same technical know-how, neither of them can prevent the other from using it, communicating it, and disclosing it. Of course, as long as both keep it secret, both will be protected against the outside world (but not against each other).

Section 56: Transfers and Licenses

(1) The processes and knowledge referred to in both sub-sections of Section 53 may be transferred and may form the subject of a license contract.

(2) Sections 26(2), 28(2), 29, 30, 31, and 32, shall be applicable by analogy.

Whereas Sections 54 and 55 concern only secret technical know-how (i.e., the technical know-how referred to in sub-section (2) of Section 53), the Section under consideration concerns technical know-how, whether non-secret (cf. sub-section (1) of Section 53) or secret.

Sub-section (1) means that both secret and non-secret technical know-how are capable of transfer and licensing, whereas sub-section (2) makes certain provisions of the Model Law relating to the transfer and licensing of patents applicable to the transfer and licensing of technical know-how. Among these provisions is Section 32. Thus, the possibility of Government control of license contracts dealing with technical know-how is provided for.

Section 57: Legal Proceedings

Sections 49 and 50 shall be applicable by analogy to the unlawful acts referred to in Section 54.

This Section provides for the repression of the illegal acts referred to in Section 54, both through civil sanctions and penal sanctions.

PART III: PROCEDURAL PROVISIONS AND RULES

This third and last Part of the Model Law contains two Sections, one concerning the competence of Civil Courts (Section 58), the other providing for the establishment of Rules under the Law (Section 59). The reason for which these provisions are grouped at the end of the Law in a separate part (Part III) is that they are of relevance both to patents and technical know-how, covered in Parts I and II, respectively.

Section 58: Competence of Civil Courts

(1) Civil Courts shall be competent to deal with all litigation concerning the application of the present Law, particularly as regards rights to patents, the assessment of the remuneration of an employee-inventor, license contracts, the grant, amendment and cancellation of compulsory licenses, the fixing of royalties relating thereto, the fixing of the terms of licenses of right, the nullity of patents, the infringement of rights conferred by patents, and unlawful acts in respect of technical know-how.

(2) The Civil Court of the domicile of the registered owner of the patent or, if he is domiciled abroad, the Civil Court of the place where the Patent Office is located, shall have jurisdiction.

(3) Before deciding questions of a technological or economic nature, the Court shall hear the advice of at least two experts who must be independent of the parties and must have no interest in the outcome of the litigation.

(4) The decisions of the Court shall be open to appeal, annulment, or revision, according to the general rules of procedure.

This Section deals with questions concerning the competence and jurisdiction of Courts. Since the judicial systems of the various countries differ from each other it will be only natural if each country adapts the provisions to its own existing system.

Sub-section (1) would make the Civil Courts competent in all controversy concerning the application of the Law. These Courts would be competent also to apply the penal sanctions in order to avoid, as far as possible, contradictory judicial decisions concerning the same patent and the same infringement. The procedure itself would be governed by the procedural laws of the country.

Sub-section (2) concerns territorial jurisdiction. It provides in essence that if the registered owner of the patent involved in the proceedings has his domicile in the country, then the Civil Court of his domicile will have jurisdiction, whereas if he is domiciled abroad, the Civil Court of the place where the Patent Office is located shall have jurisdiction. Departure from this suggested system is of course quite in order. In view of the fact that controversies concerning patents frequently raise difficult technological and economic questions, a country might wish, for example, to concentrate all litigation concerning patents in a given Court so that this Court acquire the maximum experience and a certain degree of specialization. The Court of the place where the Patent Office is located could be this single Court. Such a solution would also facilitate contacts between the Court and the Patent Office. On the other hand, when the country is large, the designation of several competent Courts would have the advantage that the parties and their lawyers would have to travel less and would thereby economize both in time and money.

Sub-section (3) is designed to take into account the difficulty inherent in most litigation concerning patents and technical know-how, namely, that they frequently deal with complicated technological or economic questions, such as, for example, whether a patent is infringed by what appears to be merely a slightly different product or process, or, whether an invention is sufficiently worked, or what a reasonable royalty would amount to. In order to increase the chances of arriving at sound decisions, the Court would be required to hear the opinion of at least two independent experts not personally interested in the outcome of the litigation.

Sub-section (4) is self-explanatory.

Section 59: Rules

The Rules shall prescribe the details of application of the present Law, particularly in regard to Sections 12(4), 16, 20(1), 25(1) (2), 26(3), and 28(3).

The Rules would contain provisions on certain details concerning the application of the Law, including, in particular, the form of the patent applications (Section 12 (4)) and the amount of the Patent Office fees (Sections 16, 25 (1) (2), 26(3), and 28 (3)). If a system of examination as to the substance of the application (Alternatives B and C under Section 18) is adopted, the Rules will have to contain also provisions on the examination procedure (see the introductory observations to Chapter III).

ANNEXES

ANNEX A

POSSIBLE ADDENDUM ON PATENTS OF INTRODUCTION

The Sections contained in this Part relate to patents of introduction and are offered as a possible addition to the 59 Sections of the Model Law.

Roughly stated, a patent of introduction is a patent of relatively short duration (for example, 10 years) granted for an invention patented in a foreign country and thereby having lost its novelty. It is granted in the expectation that the owner of the foreign patent (who is also the patentee of the patent of introduction) will exploit the invention **in the country**. This expectation is sanctioned in two ways by the proposed provisions: (a) nobody, not even the patentee or his licensees, is allowed to import into the country; (b) if the exploitation in the country does not start within a period of two years, or is interrupted for more than two years, the patent may be declared null and void.

There are various kinds of special patents generally directed towards this aim, particularly in some Latin American countries. They may be called patents of introduction or importation, or patents of confirmation. The first two designations underline the feature of this special kind of patents that they wish to promote the introduction, or importation, into the country of foreign patented inventions. The designation "patents of confirmation" stresses the characteristic of these patents that they presuppose the existence of a foreign patent for the same invention.

Because of the fact that patents of introduction (name chosen for the Model Law) are granted in order to encourage exploitation in the country, they are calculated to encourage industrialization of and investment in the country. Consequently, they may be of special interest to developing countries.

The provisions dealing with patents of introduction are broken down into five Sections, numbered by Roman numerals. Section I deals with the conditions of grant, Section II with the applicability of certain provisions of the main part of the Model Law, Section III with duration, Section IV with nullity, and Section V with penal sanctions for importation by the patentee or his licensees.

Section I: Grant of Patents of Introduction

Subject to the provisions of Section II, a patent of introduction shall be granted for any invention for which a patent has been granted in a foreign country:

(a) **if the application for the patent of introduction is filed by the registered owner of the foreign patent,**

(b) **if the foreign patent is in force at the time of the filing of the application for the patent of introduction, and,**

(c) **if, up to the time of the filing of the application for the patent of introduction, neither the claimed process has**

This Section provides the conditions which have to be met so that an applicant for a patent of introduction has the right to the grant of such a patent:

— the applicant must be the registered owner of a foreign patent and this patent must relate to the same invention as his application for a patent of introduction relates to;

— the foreign patent must be in force at the time of the filing of the application;

— if the patent of introduction is for a *process*: the process must not have been applied (i.e., used industrially) in the country, and products directly obtained by means of such a process must not have been manufactured or sold in the country, up to the time of the filing of the application for the patent of introduction;

been applied in the country nor the product, directly obtained by means of the claimed process, or the claimed product has been manufactured or sold in the country.

— if the patent of introduction is for a *product*: the product must not have been manufactured or sold in the country, up to the time of the filing of the application for the patent of introduction.

Section II: Applicability of Other Provisions

Sections 1 to 7, 11 to 14, 16 to 24, 25(2) (3), 26 to 44, 46, 49 to 52, 58 and 59, shall apply to patents of introduction, provided, however, that:

(a) the conditions referred to in Sections 2 and 3 shall be required to be fulfilled at the date of the filing of the application for the foreign patent or at the date of the priority validly claimed for it,

(b) in addition to the data to be furnished under Section 12, the applicant for a patent of introduction shall also indicate in his application the number, date and country of grant of the foreign patent, and, within a period to be fixed by the Rules, shall furnish to the Patent Office a copy of the foreign patent.

This Section makes certain provisions relating to ordinary patents applicable also to patents of introduction.

It is to be noted that novelty and inventive activity (Sections 2 and 3) must exist not at the time when the patent of introduction is applied for but at the— usually much earlier—time when the foreign patent (basis of the patent of introduction) has been applied for. This is natural, since during the interval novelty and non-obviousness will have disappeared if for no other reason than through the publication of the foreign patent.

Section III: Duration of Patents of Introduction and Fees

A patent of introduction shall expire at the end of the tenth year from the date of the filing of the application, subject to the payment of the annual fees fixed by the Rules.

This Section provides, as a rule, a duration of 10 years for patents of introduction. A shorter term would be difficult to justify as the owner must be given a reasonable period of time to exploit the invention in the country. Such exploitation is calculated to benefit the national economy. On the other hand, the exceptional nature of patents of introduction would hardly justify a much longer duration.

Naturally, a patent of introduction may and will fall into the public domain earlier than the 10 years if the annual fees necessary for its maintenance are not paid (see Section 25(2) (3), made applicable through Section II).

Section IV: Nullity of Patent of Introduction

(1) On the request of any person, including any competent authority, the Court shall declare a patent of introduction null and void:

(a) if the subject of the patent was not patentable within the terms of Sections 1 to 5 or Section I;

(b) if the description of the invention and the claim or claims in the patent do not satisfy the requirements of Section 13;

(c) if, for the same invention, a patent has been granted in the country as the result of a prior application or of an application benefiting from an earlier priority;

(d) if the invention, the subject of the patent of introduction, is not effectively exploited within a period of two years from the date of the grant of the patent of introduction, or if effective exploitation subsequently ceases for a period exceeding two years.

(2) Sections 47(2) (3) and 48 are applicable by analogy to patents of introduction.

This Section constitutes an adaptation of Section 47, which deals with the nullity of ordinary patents, to the nature of patents of introduction.

The causes of nullity referred to in sub-section (1), (a), (b) and (c), are analogous to those existing in the case of ordinary patents, to which is added non-compliance with Section I. This last situation will exist if one or more of the conditions indicated under (a), (b) and (c) in Section I have not been fulfilled.

The case referred to in sub-section (1) (d) is connected with non-working. It has been stated above that the reason for which a patent of introduction is granted is to encourage exploitation *in the country*. If this expectation is frustrated, the reason for the grant appears not be justified and therefore the patent of introduction should be considered not to have been granted.

Sub-section (2) makes applicable by analogy Section 47(2) and (3), dealing with partial nullity and certain reference material to be furnished to the Court, and Section 48, dealing with the effects of the declaration of nullity and its registration in the Patent Office.

Section V: Importation by Owner or Licensee

Direct or indirect importation by the owner of the patent of introduction or by a licensee under such a patent of a product, the subject of the patent of introduction, or of a product obtained directly by means of the process, the subject of the patent of introduction, shall constitute an offence punishable according to Section 50. Importation of model or prototype products shall not constitute such an offence.

Patents of introduction are granted to cause manufacture *in the country*. Any importation from abroad will diminish, if it does not stop outright, local manufacture. Such importation would thus frustrate the very aim of patents of introduction. This is why the Model Law proposes penal sanctions (fine or imprisonment, or both) against any importer. If the importation is effected by the patentee or a licensee, it is punishable by virtue of the Section under consideration. If it is effected by a third person, it is punishable under Sections 21 and 50.

ANNEX B

POSSIBLE ADDENDUM ON INVENTORS' CERTIFICATES

The Sections contained in this Part relate to inventors' certificates.

Inventors' certificates, at the present time, exist in the Soviet Union and some other Socialist countries of Eastern Europe. In these countries, an inventor may apply either for a patent or an inventor's certificate. The conditions to be fulfilled are the same for both: the invention must be novel, must result from an inventive activity and must be capable of industrial application. Subject matter excluded from patentability is, to a large extent, also excluded from the grant of inventors' certificates. However, the rights and obligations attaching to a certificate differ from those of a patent. In the case of a patent, exploitation is allowed to the owner of the patent or to licensees under the patent; in the case of a certificate, the holder of the certificate has no right to exploit the invention and has no right to grant licenses to other persons: these rights belong to the State. The State, however, is under an obligation to exploit the invention as far as is economically practicable and to compensate the holder of the certificate.

The Model Law Committee examined with particular care the question whether provisions on inventors' certificates should be included in the Model Law. Several members of the Committee expressed strong opposition to inclusion on the ground that a system of inventors' certificates negated, in effect, private property, and thus was contrary not only to the traditional concepts of patent law but also to the economic and social philosophies in which they believed.

In the end, however, the majority of the Committee did not object to attaching to the Model Law, as a possible addendum, provisions which would allow an inventor to choose, in his application, between a patent and an inventor's certificate. These provisions constitute a mere framework and should be elaborated by each country, desirous of adopting this system, according to its needs.

The decision on whether or not to include provisions of this kind in its law will primarily depend on the economic and social structure of each country. It has been pointed out that the double system—patents and inventors' certificates—may be found desirable not only in Socialist countries (the only ones which have it today) but possibly also in some countries in which there is strict, centrally directed economic planning by the State, or in which local inventors will have great difficulty in finding possibilities of exploitation because of the scarcity of domestic capital for industrial investment. In these countries, local inventors may find that the only practical way to obtain a market for their inventions is to leave the task of exploitation to the State.

It is evident that inventors' certificates, even in countries in which they may, for any of the above reasons, be more attractive than patents for domestic inventors, will rarely be very attractive to foreign inventors. However, if the patent law has among its aims the rapid industrialization of the country, it has also to attract foreign inventions and foreign investment. For these, then, the possibility of acquiring patents should be left open in any case, even in the countries with the social and economic systems of the kind referred to above.

Should a country decide to have also in its patent law provisions on inventors' certificates, it would be logical to mention them right at the outset, in Section 1 of the Law. Consequently, Section 1 could then be drafted as follows:

Alternative for Section 1: Grants of Patents or Inventors' Certificates

- (1) For any invention which is new, results from inventive activity, and is capable of industrial application, the inventor or his successor in title may obtain, at his option, either a patent or an inventor's certificate.
- (2) The same stipulation applies to inventions improving other inventions.
- (3) Principles and discoveries of a scientific nature shall not be considered to be inventions.

The rest of the Model Law (i.e., Sections 2 to 59) would partly be applicable also to inventors' certificates and, after Section 59, an additional series of Sections, dealing with the questions peculiar to inventors' certificates, would have to be added. Six such additional Sections are proposed. In this paper they are designated by Roman numerals (I to VI). Section I deals with grant of certificates; Section II with obligations and rights of the State; Section III with obligations and rights of the holder of a certificate; Section IV with the question of compensation; Section V with penal sanctions; and Section VI with the applicability of certain provisions of that part of the Model Law which deals with patents.

Section I: Grant of Inventors' Certificates

- (1) Sections 2 to 9, 11 to 15, and 17 to 20, shall be applicable by analogy to the grant of inventors' certificates.
- (2) The grant of an inventor's certificate shall be exempt from fees.

Sub-section (1) makes applicable to inventors' certificates, by analogy and with three exceptions, all Sections of the first three chapters of the Model Law dealing with patents. The three exceptions are Sections 1, 10 and 16. Section 1 would have to be replaced by the text set out above. Section 10 deals with inventions by employees and is not appropriate to inventors' certificates. Section 16 deals with fees for patents. Certificates of invention are exempt from fees since the right to exploit them belongs to the State which grants them.

Sub-section (2) contains an express provision in this respect.

Section II: Obligations and Rights of the State

- (1) ~~The State is required to examine the possibilities of exploitation of the invention, the subject of an inventor's certificate, in State undertakings and organizations, and to exploit it to the extent possible.~~

Sub-section (1) deals with the obligations of the State, and sub-section (2) with the rights of the State.

The State has one, and in certain situations two, obligations. In any case it must always examine the possibilities of the invention being exploited by State undertakings and organizations. If the result of this examination is positive, the second obligation of the

(2) It may authorize any undertaking or person to exploit the invention in the country.

State becomes effective; it has to exploit it to the extent possible. (If there is exploitation, the State has the further obligation to grant compensation to the holder of the certificate; see Section IV.)

As to the rights of the State, it is provided that the State does not have itself to exploit the invention but may also authorize others to do so. Proceedings may be taken under civil law against unauthorized exploitation.

Section III: Obligations and Rights of the Holder of the Certificate

(1) The holder of an inventor's certificate has the right and the obligation to participate actively in the examination, the carrying out, and the subsequent development, of the invention in the country.

(2) He is required in particular to put at the disposal of the State or any persons or undertakings designated by the State all documentation in his possession regarding the invention and give all advice and information relating to it.

This Section deals with one kind of rights and obligations of the holder of the certificate (whether the inventor himself or his successor in title), namely, those connected with the evaluation and exploitation of the invention.

As provided in Section II, the State must examine the possibilities of exploitation and, whenever possible, must exploit the invention. The aim of the Section is to make both this examination and possible exploitation benefit by the assistance of the person who should know most about them, namely, the inventor or his successor in title. The provision obliges him to cooperate with the State in both respects.

Section IV: Compensation to the Holder of the Certificate

The holder of an inventor's certificate for an invention which is exploited in State undertakings or organizations, or, by virtue of an authority from the State, by other persons or undertakings, has the right to receive from the State adequate remuneration, commensurate with the extent of the exploitation of the invention, as well as other benefits to be fixed by the Rules.

This Section deals with the right of the holder of the certificate to receive, and the obligation of the State to pay, compensation. The compensation must be commensurate with the exploitation. It is important that the principles according to which the compensation has to be fixed should be general, objective and known in advance. This is why they will have to be specified in the Rules. The compensation does not necessarily consist of money only; it may also consist of other benefits; for example, fiscal facilities or grants for study or research.

Section V: Penal Sanctions

(1) Usurpation in an application for an inventor's certificate of the inventorship or co-inventorship, or the attributing of co-inventorship to persons who have not contributed an inventive activity, shall

This Section is self-explanatory.

be punished by a fine not exceeding
..... or a term of imprisonment
not exceeding months, or both.

(2) In case of recidivism, the maximum penalties shall be doubled.

(3) Recidivism shall be deemed to have occurred when, within the preceding five years, the offender has been convicted under the provisions of sub-section (1) above.

Section VI: Applicability of Other Provisions

Sections 24, 26, 47, 48, 58, and 59, shall be applicable by analogy to inventors' certificates.

This Section provides for the application, by analogy, to inventors' certificates of some of the Sections of Chapters IV, VI, and X, dealing with patents, as well as two other Sections. Thus are applicable: Section 24 concerning the right derived from prior use, Section 26 concerning the assignment and transfer of patent applications and patents (i.e., in this case, of applications for certificates and of certificates), Sections 47 and 48 concerning the nullity of patents (i.e., here of certificates), Section 58 concerning the competence of Civil Courts, and Section 59 concerning Rules.

TEXT OF THE MODEL LAW

MODEL LAW FOR DEVELOPING COUNTRIES ON INVENTIONS

PART I: PATENTS

CHAPTER I: GENERAL PROVISIONS

Section 1: Patentable Inventions

- (1) Any invention which is new, results from inventive activity, and is capable of industrial application, is patentable.**
- (2) Any invention constituting an improvement upon a patented invention is patentable if it is new, results from inventive activity, and is capable of industrial application.**
- (3) Principles and discoveries of a scientific nature shall not be considered to be inventions.**

Section 2: Novelty

- (1) An invention is new if it does not form part of the state of the art, the state of the art being constituted by everything made available to the public, anywhere and at any time whatever, by means of a written or oral description, by use, or in any other way, before the date of the filing of the patent application or the priority date validly claimed in respect thereof.**
- (2) An invention shall not be deemed to have been made available to the public solely by reason of the fact that, within the period of six months preceding the filing of the application for a patent, the inventor or his successor in title has exhibited it in an official or officially recognized international exhibition.**

Section 3: Inventive Activity

An invention shall be considered as resulting from inventive activity if it does not obviously follow from the state of the art, either as to the method, the application, the combination of

methods, or the product which it concerns, or as to the industrial result it produces.

Section 4: Industrial Application

An invention shall be considered as capable of industrial application if it can be manufactured or used in any kind of industry, including agriculture.

Section 5: Exceptions to Patentability

Patents cannot be validly obtained in respect of:

(a) plant or animal varieties or essentially biological processes for the production of plants or animals; this provision, however, does not apply to microbiological processes and the products thereof;

(b) inventions the publication or exploitation of which would be contrary to public order or morality, provided that the exploitation of an invention shall not be considered as contrary to public order or morality merely because the exploitation is prohibited by law or regulation.

Section 6: Applicability of International Conventions

The relevant provisions of international bilateral or multilateral conventions to which [the country] is a party, which regulate the rights of nationals of States parties to such conventions and of persons assimilated to such nationals, shall be applicable by virtue of the present Law.

Section 7: Rights of Foreigners

Foreigners who do not fall within the scope of the preceding Section shall have the same rights as nationals unless the Minister responsible for industrial property shall have, by order, suspended the application of this provision so far as it relates to nationals of a country and persons assimilated to them on the ground that that country does not grant adequate reciprocity.

CHAPTER II: RIGHT TO GRANT OF PATENT

Section 8: Right to Grant of Patent

- (1) Subject to Section 10, the right to a patent shall belong to the inventor or his successor in title.**
- (2) If two or more persons have jointly made an invention, the right to a patent shall belong to them or their successors in title jointly; a person who has merely assisted in the execution of an invention without having contributed any inventive activity shall not, however, be deemed to be an inventor or co-inventor.**
- (3) Any person who is the first to file an application for a patent, or is the first validly to claim priority for an application for the same invention, shall, subject to the provisions of Sections 9 and 10, be deemed to be the inventor or successor in title of the inventor.**

Section 9: Usurpation

If the essential elements of a patent application have been obtained from the invention of another person, without the latter having consented to this obtaining and to the filing of an application for a patent, the person injured by such unlawful usurpation may demand that the application, or the patent granted in respect of the application, be transferred to him.

Section 10: Inventions Made Pursuant to a Commission or by an Employee

- (1) Subject to the legal provisions governing contracts for performing a certain work and employment contracts, and in the absence of contractual provisions to the contrary, the right to a patent for an invention made in execution of the contract shall belong to the person having commissioned the work or to the employer.**
- (2) The same provision shall apply when an employment contract does not require the employee to exercise any inventive activity, but when the employee has made the invention using data or means that his employment has put at his disposal.**

- (3) In the circumstances provided for in sub-section (2), the employee-inventor shall have a right to remuneration taking into account his salary and the importance of the patented invention, which remuneration shall, in the absence of agreement between the parties, be fixed by the Court. In the circumstances provided for in sub-section (1), the employee-inventor shall have a similar right if the invention is of very exceptional importance.
- (4) The advantages given to the employee-inventor by the provisions of the preceding sub-section shall not be reduced by contract.

Section 11: Right of the True Inventor to be Named as Such

- (1) The true inventor shall be entitled to be named as such in the patent.
- (2) The preceding provision shall not be modified by contract.

CHAPTER III: GRANT OF PATENT

Section 12: Terms of Application

- (1) The application for a patent shall be made to the Patent Office and shall contain:
- (a) the complete name and address of the applicant and, if the applicant's address is outside the country, the indication of an address for service within the country;
 - (b) a description of the invention with the drawings, if any, referred to therein;
 - (c) one or more claims.
- (2) If appropriate, the application for the patent shall be accompanied by a declaration, signed by the true inventor, requesting that he be mentioned as such in the patent and giving his name and address.
- (3) If the application is made by an agent, it shall be accompanied by a signed power of attorney; legalization or certification of the signature shall not be necessary.
- (4) The details of the formal requirements with which the application for the patent must comply shall be fixed by the Rules.

Section 13: Contents of the Description and Claims

- (1) The description shall disclose the invention in a manner sufficiently clear and complete for it to be carried out by a person skilled in the art.
- (2) The claim or claims shall define the protection sought.
- (3) The claims shall not exceed the contents of the description.

Section 14: Unity of the Invention

- (1) The application for a patent shall relate to only one invention.
- (2) Subject to the preceding sub-section, an application for a patent may include, in particular:
 - (a) apart from claims for one or more products, claims for one or more manufacturing processes for the product or products, and claims for one or more applications of the product or products;
 - (b) apart from claims for one or more processes, claims for means of working the process or processes, and claims for the product or products which result from that working, and claims for the application of such products.

Section 15: Right of Priority

The applicant for a patent who wishes to avail himself of the priority of an earlier application made in another country is required to append to his application a written declaration, indicating the date and number of the earlier application, the country in which he or his predecessor in title made such application, and the name of the applicant, as well as, within a period of three months from the date of the later application, to furnish a copy of the earlier application, certified as correct by the Industrial Property Office of the country where it was made.

Section 16: Payment of Fees

An application for a patent shall not be accepted unless the fee prescribed by the Rules has been paid.

Section 17: Examination of Application as to Form

- (1) The Patent Office shall examine the application as to its conformity with Sections 12, 14, 15, and 16.**
- (2) If the provisions of Sections 12 or 16 have not been complied with, a patent shall not be granted; if the provisions of Section 15 have not been complied with, the Office shall not mention in the patent the priority claimed.**
- (3) If the application does not fulfil the requirements of Section 14, the applicant shall be invited by the Patent Office to restrict the application so that it relates to only one invention. At the same time, the Patent Office shall notify the applicant that, within a period of three months, he may file, for the rest of the application, one or more divisional applications, which shall benefit from the date of the filing of the original application, and, if relevant, from the priority date claimed under Section 15. If the applicant does not comply with this invitation to restrict the original application to one invention, no patent shall be granted.**

Alternative A

Section 18: Grant of Patent without Examination as to the Substance of the Application

- (1) When the examination referred to in Section 17 shows that the application satisfies the requirements of Sections 12, 14 and 16, the patent, as applied for, shall be granted without further examination, particularly without examination of the questions whether the subject of the application is patentable within the terms of Sections 1 to 5, whether the description and claims satisfy the requirements of Section 13, and whether, for the same invention, a prior application, or an application benefiting from an earlier priority, has been made in the country or a patent has been granted as a result of such application.**
- (2) When the examination referred to in Section 17 shows that the provisions of Section 15 have been complied with, the Patent Office shall mention in the patent the priority claimed.**
- (3) Patents are granted at the risk of the patentee and without guarantee as to their validity.**

Alternative B

Section 18: Grant of Patent after Preliminary Examination of the Substance of the Application

(1) When the examination referred to in Section 17 shows that the application satisfies the requirements of Sections 12, 14 and 16, the Patent Office shall proceed to the examination of the application as to its substance, namely:

(a) whether the subject of the application is patentable within the terms of Sections 1 to 5;

(b) whether the description of the invention and the claim or claims in the application satisfy the requirements of Section 13;

(c) whether, for the same invention, no prior application, or application benefiting from an earlier priority, has been made in the country, and no patent has been granted as a result of such application.

(2) When, or to the extent that, the Patent Office finds that the answers to the questions under (a), (b) and (c) in sub-section (1) are in the affirmative, a patent shall be granted.

(3) When the examination referred to in Section 17 shows that, with respect to a priority claimed under Section 15, the provisions of Section 15 have been complied with, the Patent Office shall proceed to the examination of the question whether this claim is justified, particularly whether it is based on a first regular national filing of an application for the same invention. When the answer to this question is in the affirmative, the Patent Office shall mention in the patent the priority claimed.

(4) The Rules shall determine whether the examination shall be carried out by the Patent Office itself or whether the Patent Office shall base its decisions on an opinion of the International Patent Institute or on reports or patents of another Patent Office, either national or regional.

(5) The Rules may limit the examination as to patentability, according to the requirements of Sections 1 to 5, to one or more of these requirements or parts of them.

(6) With respect to sub-sections (4) and (5), the Rules may provide for different solutions for applications relating to different branches of technology.

(7) The Rules shall ensure that, before a decision under sub-sections (2) and (3) is taken, the applicant or his representative shall be given an opportunity to be heard.

(8) The Rules may provide for a possibility of opposition to the grant of a patent, after publication of the application, by third parties. The Rules shall ensure that, in case of such opposition, the party who lodged such opposition, or his representative, shall be given an opportunity to be heard before a decision under sub-sections (2) and (3) is taken.

(9) Patents are granted at the risk of the patentee and without guarantee as to their validity.

Alternative C

Section 18: Grant of Patent subject to Deferred Examination of the Substance of the Application

(1) When the examination referred to in Section 17 shows that the application satisfies the requirements of Sections 12, 14 and 16, the Patent Office shall grant the patent, as applied for, subject to deferred examination as to the substance of the patent.

(2) When the examination referred to in Section 17 shows that the provisions of Section 15 have been complied with, the Patent Office shall mention in the patent the priority claimed.

(3) The registered owner of the patent granted according to sub-section (1) may, after the expiration of the fifth year from the date of the filing of the application and before the expiration of the sixth year after that date, request the Patent Office to proceed to the examination of the substance of the patent. This request shall not be accepted unless the fee prescribed by the Rules has been paid.

(4) If the registered owner presents the request referred to in sub-section (3) within the period prescribed in that sub-section, the Patent Office shall proceed to the examination of the patent as to substance, namely:

(a) whether the subject of the patent is patentable within the terms of Sections 1 to 5;

(b) whether the description of the invention and the claim or claims in the patent satisfy the requirements of Section 13;

(c) whether, for the same invention, no prior application, or application benefiting from an earlier priority, has been made in the country, and no patent has been granted as a result of such application.

(5) When, or to the extent that, the Patent Office finds that the answers to the questions (a), (b) and (c) in sub-section (4)

are in the affirmative, it shall confirm the patent, and if the priority claimed appears justified, it shall confirm this priority. In the contrary situation the Patent Office shall declare the patent null and void or not mention in the confirmed patent the priority claimed. Section 48 (2) shall apply.

(6) If the registered owner of the patent fails to present a request for the examination of the substance of the patent within the period prescribed in sub-section (3), the patent shall lapse on the last day of that period.

(7) With respect to confirmation of patents, declaration of nullity, and lapse, provided for in sub-sections (5) and (6), Sections 19 and 20 shall apply.

(8) Sub-section (4) of Alternative B.

(9) Sub-section (5) of Alternative B.

(10) Sub-section (6) of Alternative B.

(11) Sub-section (7) of Alternative B.

(12) Sub-section (8) of Alternative B.

(13) Sub-section (9) of Alternative B.

Section 19: Issuance and Registration of Patents and Registration of Acts Relating Thereto

(1) A patent shall be granted by the issuance of letters patent to the patentee. The patent shall contain its number in the order of grant; the name and address of the patentee and, if his address is outside the country, an address for service in the country; the dates of the application and grant; indication, if priority is claimed, of this fact, and the number, date and country of the application, basis of the priority claimed; the description of the invention, the claims and the drawings, if any, relating to the description; and, finally, the name and address of the true inventor if he has requested to be mentioned in the patent.

(2) The Patent Office shall maintain a Register in which shall be recorded patents granted, numbered in their order of grant, and, in regard to each patent, if appropriate, its lapse for non-payment of annual fees, and all transactions to be recorded by virtue of the present Law.

(3) The Patent Office shall record the changes of address or of address for service which shall be notified to it by the registered owner of the patent.

(4) Communications to be made to the registered owner of the patent by virtue of the present Law shall be sent to him at his most recently recorded address and at the same time to his most recently recorded address for service.

Section 20: Publication of Patents

(1) The Patent Office shall publish as soon as possible patents granted in the order of their grant, mentioning the contents of the patent in accordance with Section 19(1) with the exception of the description and the drawings. The publication of the claims of the patent may, to the extent permitted and in the manner prescribed by the Rules, be replaced by a summary of the claims, without prejudice to the scope of the patent and its validity.

(2) Patents registered at the Patent Office may be consulted free of charge at that Office, and any person may obtain copies thereof at his own expense. This provision shall also be applicable to transactions recorded in regard to any patent.

CHAPTER IV: RIGHTS CONFERRED BY THE PATENT

Section 21: Nature of Rights Conferred

The patent shall confer upon its registered owner the right to preclude third parties from the following acts:

- (a) when the patent has been granted in respect of a product:
 - (i) making, importing, offering for sale, selling, and using, the product,
 - (ii) stocking such product for the purposes of offering for sale, selling, or using;
- (b) when the patent has been granted in respect of a process:
 - (i) applying the process,
 - (ii) doing any of the acts referred to in (a) above in respect to a product obtained directly by means of the process.

Section 22: Scope of Protection

(1) The scope of the protection conferred by the patent shall be determined by the terms of the claims.

- (2) The description and the drawings included in the patent shall be used to interpret the claims.

Section 23: Limitation of Rights under the Patent

- (1) The rights under a patent shall only extend to acts done for industrial or commercial purposes.
- (2) The rights under a patent shall not extend to acts in respect of the product covered by the patent after the product has been lawfully sold in the country; nevertheless, in so far as the patent also concerns a special application of the product, this application shall continue to be reserved to the registered owner of the patent.

Section 24: Rights derived from Prior Manufacture or Use

Any person who, in the country, at the date of the filing of the patent application by another person, or at the date of priority validly claimed in respect of such application, was, in good faith, manufacturing the product or applying the process, the subject of the invention, or had made serious preparations with a view to such manufacture or use, shall, despite the patent, have the right to continue such acts and, with respect to products obtained thereby, to perform the other acts referred to in Section 21. This right is only transferable with the undertaking which is the beneficiary of the right.

CHAPTER V: DURATION OF PATENT AND FEES

Section 25: Duration of Patent and Fees

- (1) A patent shall expire at the end of the twentieth* year from the date of the filing of the application, subject to the payment of the annual fees fixed by the Rules.
- (2) A period of grace of six months shall be granted for the payment of the annual fees upon payment of a surcharge fixed by the Rules.
- (3) The lapse of a patent for non-payment of fees shall be published by the Patent Office as soon as possible.

* Alternatives: Replace "twentieth" by "eighteenth" or "sixteenth".

CHAPTER VI: ASSIGNMENT AND TRANSFER OF PATENT APPLICATIONS AND PATENTS; JOINT OWNERSHIP OF PATENTS

Section 26: Assignment and Transfer of Patent Applications and Patents

- (1) Patent applications and patents may be assigned or transferred by succession.**
- (2) The assignment of patent applications and patents shall be made in writing and shall require the signatures of the contracting parties.**
- (3) Assignments, or transfers by succession, of patent applications and patents shall be registered in the Patent Office on payment of a fee fixed by the Rules; assignments or transfers by succession shall have no effect against third parties until such registration.**

Section 27: Joint Ownership of Patents

In the absence of any provision to the contrary between the parties, joint owners of a patent may, separately, transfer their parts, exploit the patented invention, and exercise the rights granted under Section 21, but may only jointly grant a license to a third party to exploit the patent.

CHAPTER VII: CONTRACTUAL LICENSES

Section 28: License Contracts

- (1) The applicant for or owner of a patent may, by contract, grant to some other person or undertaking a license to exploit his invention.**
- (2) The license contract must be in writing and shall require the signatures of the contracting parties.**
- (3) Any license contract shall be registered in the Patent Office, on payment of a fee fixed by the Rules; the license shall have no effect against third parties until such registration.**

Section 29: Right of Licensor to Grant Further Licenses

- (1) In the absence of any provision to the contrary in the license contract, the grant of a license shall not prevent the licensor from granting further licenses to third persons, nor from exploiting the invention himself.**
- (2) The grant of an exclusive license shall prevent the licensor from granting licenses to third persons and, in the absence of any provision to the contrary in the license contract, from exploiting the invention himself.**

Section 30: Rights of Licensee

In the absence of any provision to the contrary in the license contract, the licensee shall be entitled to exploit the invention during the whole duration of the patent, in the entire territory of the country, through any application of the invention, and in respect to all the acts referred to in Section 21.

Section 31: Non-Assignability of Licenses

In the absence of any provision to the contrary in the license contract, a license shall not be assignable to third parties, and the licensee shall not be entitled to grant sub-licenses.

Section 32: License Contracts Involving Payments Abroad

The Minister responsible for industrial property may, by order, provide that, on pain of invalidity, license contracts or certain categories of them, and amendments or renewals of such contracts, which involve the payment of royalties abroad, shall require the approval of . . . taking into account the needs of the country and its economic development.

Section 33: Invalid Clauses in License Contracts

- (1) Clauses in license contracts or relating to such contracts are null and void in so far as they impose upon the licensee, in the industrial or commercial field, restrictions not deriving from the rights conferred by the patent.**

(2) The following in particular shall be deemed not to constitute such restrictions:

- (a) limitations concerning the degree, extent, quantity, territory or duration of exploitation of the subject of the patent;**
- (b) limitations justified by the interest of the licensor in the technically flawless exploitation of the subject of the patent;**
- (c) the obligation imposed upon the licensee to abstain from all acts capable of impeding or preventing the grant of the patent or prejudicing its validity.**

CHAPTER VIII: COMPULSORY LICENSES

Section 34: Compulsory License for Non-Working and Similar Reasons

(1) At any time after the expiration of a period of four years from the date of the filing of an application for a patent, or three years from the date of the grant of a patent, whichever period last expires, any person interested may, in accordance with the conditions specified in Section 44, apply for the grant of a compulsory license upon one or more of the following grounds:

- (a) that the patented invention, capable of being worked within the country, has not been so worked within the terms of sub-section (3);**
- (b) that the working of the patented invention within the country does not meet on reasonable terms the demand for the product;**
- (c) that the working of the invention within the country is being prevented or hindered by the importation of the patented article;**
- (d) that, by reason of the refusal of the registered owner of the patent to grant licenses on reasonable terms, the establishment or development of industrial or commercial activities in the country is unfairly and substantially prejudiced.**

(2) In all the above cases, a compulsory license shall not be granted if the owner of the patent justifies himself by legitimate reasons. Importation shall not constitute a legitimate reason.

(3) Working of a patented invention under this Section means the manufacture of a patented article, the application of a patented process, or the use in manufacture of a patented machine, by an effective and serious establishment existing within the country, and on a scale which is adequate and reasonable in the circumstances.

(4) The compulsory license shall permit the licensee to perform some or all the acts referred to in Section 21 with the exception of importation.

Section 35: Compulsory License for Products and Processes Declared to be of Vital Importance for the Defence or Economy of the Country or for Public Health

The Minister responsible for industrial property may, by order, provide that, for certain patented products and processes, or for certain categories of such products and processes, which are declared by that order of vital importance for the defence or the economy of the country or for public health, compulsory licenses may be granted, in the conditions provided for in Section 34, even before the expiration of the period mentioned in subsection (1) of that Section and even for importation into the country.

Section 36: Compulsory Licenses Based Upon Interdependence of Patents

(1) If an invention protected by a patent within the country cannot be worked without infringing rights deriving from a patent granted on a prior application or benefiting from an earlier priority, a compulsory license may, upon application, be granted under the conditions specified in Section 44 to the registered owner of the later patent, to the extent necessary for the working of his invention, in so far as such invention serves industrial purposes different from those of the invention forming the subject of the earlier patent, or constitutes noteworthy technical progress in relation to it.

(2) If the two inventions serve the same industrial purpose, a compulsory license shall be granted only if a license is granted in respect of the later patent to the registered owner of the earlier patent, if he so requests.

Section 37: Refusal of Contractual License

Any person who applies for a compulsory license under Sections 34, 35 or 36, must furnish proof showing that he has previously approached the registered owner of the patent, by registered letter, requesting a contractual license, but has been unable to obtain such a license from him on reasonable terms and within a reasonable time.

Section 38: Guarantee Required from Applicant for a Compulsory License

In the cases provided for in Sections 34 and 35, a compulsory license shall be granted only to an applicant offering the necessary guarantees to work the invention sufficiently to remedy the deficiencies or to satisfy the requirements which gave rise to the application for the compulsory license.

Section 39: Scope of Compulsory License

- (1) Compulsory licenses shall be non-exclusive.
- (2) The terms of a compulsory license, fixed in accordance with Section 44, may contain obligations and restrictions both for the licensee and for the registered owner of the patent.

Section 40: Compensation

A compulsory license shall only be granted subject to the payment of adequate royalties commensurate with the extent to which the invention is worked.

Section 41: Transfer of Compulsory License

- (1) A compulsory license can only be transferred with the undertaking of the licensee or with that portion of his undertaking which uses the patented invention. Any such transfer shall, on pain of invalidity, require the authorization of the authority which granted the compulsory license; Sections 42 and 44 shall be applicable.
- (2) The grantee of the compulsory license shall not be entitled to grant sub-licenses.

Section 42: Registration of Compulsory License at Patent Office

Every compulsory license shall, either at the request of the interested party or ex officio, be registered at the Patent Office without fee. The license shall have no effect as against third parties until such registration.

Section 43: Amendment and Cancellation of Compulsory License

- (1) Upon the request of the registered owner of the patent or of the licensee of the compulsory license, the terms of the license may be amended by the authority which granted it when new facts justify it, in particular when the registered owner of the patent grants contractual licenses on terms more favorable to the contractual licensees.**
- (2) At the request of the registered owner of the patent, the compulsory license may be cancelled if the licensee does not comply with the prescribed terms of the license or if the conditions which justified the grant of the compulsory license have ceased to exist; in the latter case, a reasonable time shall be given to the licensee to cease working the invention if an immediate stoppage would cause serious damage to him.**
- (3) Sections 42 and 44 shall be applicable to the amendment and cancellation of compulsory licenses.**

Section 44: Procedure

- (1) Any application for a compulsory license shall be made to the Court.**
- (2) The Registrar of the Court shall invite, by registered letter, the applicant for the license and the registered owner of the patent to appear or to be represented before the Court within a reasonable time; the Court shall hear the party or parties or their representatives who have appeared. Before granting a compulsory license, the Court shall seek the advice of the Minister responsible for industrial property, who may delegate a representative to intervene at the hearing and to make any pertinent observations.**
- (3) The Court shall first decide whether a compulsory license can be granted. If it finds that it can be granted, it will give the parties reasonable time to agree on the terms. If there is no agreement between the parties when the time limit expires, the Court shall fix the terms, including the amount of royalties referred to in Section 40. The terms of a compulsory license, including those relating to royalties, shall be considered to constitute a valid contract between the parties.**
- (4) The decision of the Court granting a compulsory license shall be notified by the Registrar of the Court to each of the parties involved and to the Patent Office.**

CHAPTER IX: LICENSES OF RIGHT

Section 45: Licenses of Right

- (1) Any registered owner of a patent not precluded by the terms of any previously registered license from granting further licenses may apply to the Patent Office to have, in respect of his patent, the mention "licenses of right" entered in the Register. The mention shall be entered in the Register, and this fact shall be published by the Patent Office as soon as possible.
- (2) The entry of this mention in the Register shall entitle any person to obtain a license to exploit the said patent upon such terms as shall, in the absence of agreement, be fixed by the Court.
- (3) The amount of the annual fees payable in respect of any patent after the date on which the mention "licenses of right" has been entered in the Register shall be reduced by one half.
- (4) The registered owner of the patent may, at any time, apply to the Patent Office to cancel the entry "licenses of right." If no license is in force, or if all licensees agree thereto, the Patent Office shall cancel the entry, after payment of all fees and annual fees which would have been payable if the entry had not been made in the Register.
- (5) The provisions of Sections 28(3), 30, 32, and 33, shall be applicable equally to licenses of right.
- (6) The grantee of a license of right may neither assign it nor grant sub-licenses under it.

CHAPTER X: SURRENDER AND NULLITY

Section 46: Surrender of Patent

- (1) A patent may be surrendered by its registered owner by written declaration addressed to the Patent Office.
- (2) The surrender may be limited to one or more claims of the patent.
- (3) The surrender shall be immediately registered and published by the Patent Office. Surrender shall be effective only after it has been registered.

(4) If a contractual license or a license of right is registered at the Patent Office, surrender of the patent shall only be registered upon the submission of a declaration by which the registered licensee consents to the surrender.

Section 47: Nullity of Patent

(1) On the request of any person, including any competent authority, the Court shall declare a patent null and void:

(a) if the subject of the patent is not patentable within the terms of Sections 1 to 5;

(b) if the description of the invention or the claim or claims in the patent do not satisfy the requirements of Section 13;

(c) if, for the same invention, a patent has been granted in the country as the result of a prior application or of an application benefiting from an earlier priority.

(2) If the provisions of the preceding sub-section affect only part of the patent, nullity shall be declared in the form of a corresponding limitation of the claim or claims of the patent.

(3) The Court may require the registered owner of the patent to submit to it for the purpose of examination the list of publications or earlier patents which may have been referred to in connection with either a patent application filed for the same invention by the registered owner himself or his predecessor in title with the Patent Office of another country or any proceedings relating to the patent in question. The same requirement may be made by the Court in regard to publications or patents mentioned in any report sent to the registered owner of the patent or his predecessor in title by a governmental or inter-governmental search institute.

Section 48: Effects of Declaration of Nullity

(1) A patent declared to be null and void shall be regarded as having been null and void from the date of its grant. Nevertheless, where licenses have been granted, the nullity shall not entail the repayment of the royalties by the licensee in so far as he has effectively profited from the license.

(2) When the declaration of nullity becomes final, the Registrar of the Court shall notify it to the Patent Office which shall enter it in the Register and publish it as soon as possible.

CHAPTER XI: INFRINGEMENT OF RIGHTS UNDER THE PATENT

Section 49: Civil Sanctions

- (1) A registered owner of a patent whose rights under Sections 21 and 22 are threatened with infringement, or are infringed, may institute legal proceedings designed to prevent the infringement or to prohibit its continuation.**
- (2) In case of infringement of these rights, the registered owner of the patent may also claim damages and the application of any other sanctions provided for in the civil law.**

Section 50: Penal Sanctions

- (1) Any intentional infringement of the rights of a registered owner of a patent under Sections 21 and 22 shall constitute an offence.**
- (2) Such offence shall be punishable by a fine not exceeding . . . or by imprisonment not exceeding . . . months, or both.**
- (3) In the event of recidivism, the maximum penalties shall be doubled.**
- (4) Recidivism shall be deemed to have occurred when, in the course of the five preceding years, the offender has been convicted of another infringement of a patent.**

Section 51: Presumption of Use of a Patented Process

If a patent is in respect of a process for the manufacture of a new product, the same product, manufactured by a third party, shall, in the absence of proof to the contrary, be presumed to have been manufactured by that process.

Section 52: Legal Proceedings by Licensee

- (1) Any licensee under a contractual or compulsory license, or a license of right, may, by registered letter, require the licensor to introduce the legal actions necessary to obtain civil or penal sanctions in respect of any infringement of the patent indicated by the licensee.**

(2) If the licensor refuses or neglects to introduce the said legal actions within three months of the request, the licensee under the registered license may introduce them in his own name, without prejudice to the right of the licensor to intervene in such actions.

PART II: TECHNICAL KNOW-HOW

Section 53: Conditions of Protection of Technical Know-How

(1) Subject to any right conferred by patents in force and the provisions of sub-section (2) of the present Section, manufacturing processes or knowledge concerning the use and application of industrial techniques shall be in the public domain.

(2) Nevertheless, provided that these processes and knowledge have not been published or made available to the public, they shall be protected against unlawful use, disclosure or communication by third parties, on condition that the person who has developed them has taken the necessary steps to preserve their secret character.

Section 54: Unlawful Acts

Any use, disclosure, or communication, without the consent of the owner, of the processes and knowledge referred to in Section 53(2) by any person who is aware of their secret character, as referred to in Section 53(2), or who could not fail to be aware of such character, shall be deemed to be unlawful.

Section 55: Independent Acquisition

Any person who has developed, by his own means, manufacturing processes or knowledge concerning the use and application of industrial techniques and any person who has legally acquired those processes or that knowledge from the former shall, even if another person has kept secret the same processes and knowledge, be free to use, disclose, or communicate them.

Section 56: Transfers and Licenses

- (1) The processes and knowledge referred to in both subsections of Section 53 may be transferred and may form the subject of a license contract.
- (2) Sections 26(2), 28(2), 29, 30, 31, and 32, shall be applicable by analogy.

Section 57: Legal Proceedings

Sections 49 and 50 shall be applicable by analogy to the unlawful acts referred to in Section 54.

PART III: PROCEDURAL PROVISIONS AND RULES

Section 58: Competence of Civil Courts

- (1) Civil Courts shall be competent to deal with all litigation concerning the application of the present Law, particularly as regards rights to patents, the assessment of the remuneration of an employee-inventor, license contracts, the grant, amendment and cancellation of compulsory licenses, the fixing of royalties relating thereto, the fixing of the terms of licenses of right, the nullity of patents, the infringement of rights conferred by patents, and unlawful acts in respect of technical know-how.
- (2) The Civil Court of the domicile of the registered owner of the patent or, if he is domiciled abroad, the Civil Court of the place where the Patent Office is located, shall have jurisdiction.
- (3) Before deciding questions of a technological or economic nature, the Court shall hear the advice of at least two experts who must be independent of the parties and must have no interest in the outcome of the litigation.
- (4) The decisions of the Court shall be open to appeal, annulment, or revision, according to the general rules of procedure.

Section 59: Rules

The Rules shall prescribe the details of application of the present Law, particularly in regard to Sections 12(4), 16, 20(1), 25(1)(2), 26(3), and 28(3).

ANNEX A

POSSIBLE ADDENDUM ON PATENTS OF INTRODUCTION

Section I: Grant of Patents of Introduction

Subject to the provisions of Section II, a patent of introduction shall be granted for any invention for which a patent has been granted in a foreign country:

(a) if the application for the patent of introduction is filed by the registered owner of the foreign patent,

(b) if the foreign patent is in force at the time of the filing of the application for the patent of introduction, and,

(c) if, up to the time of the filing of the application for the patent of introduction, neither the claimed process has been applied in the country nor the product, directly obtained by means of the claimed process, or the claimed product has been manufactured or sold in the country.

Section II: Applicability of Other Provisions

Sections 1 to 7, 11 to 14, 16 to 24, 25(2) (3), 26 to 44, 46, 49 to 52, 58 and 59, shall apply to patents of introduction, provided, however, that:

(a) the conditions referred to in Sections 2 and 3 shall be required to be fulfilled at the date of the filing of the application for the foreign patent or at the date of the priority validly claimed for it,

(b) in addition to the data to be furnished under Section 12, the applicant for a patent of introduction shall also indicate in his application the number, date and country of grant of the foreign patent, and, within a period to be fixed by the Rules, shall furnish to the Patent Office a copy of the foreign patent.

Section III: Duration of Patents of Introduction and Fees

A patent of introduction shall expire at the end of the tenth year from the date of the filing of the application, subject to the payment of the annual fees fixed by the Rules.

Section IV: Nullity of Patent of Introduction

(1) On the request of any person, including any competent authority, the Court shall declare a patent of introduction null and void:

(a) if the subject of the patent was not patentable within the terms of Sections 1 to 5 or Section I;

(b) if the description of the invention and the claim or claims in the patent do not satisfy the requirements of Section 13;

(c) if, for the same invention, a patent has been granted in the country as the result of a prior application or of an application benefiting from an earlier priority;

(d) if the invention, the subject of the patent of introduction, is not effectively exploited within a period of two years from the date of the grant of the patent of introduction, or if effective exploitation subsequently ceases for a period exceeding two years.

(2) Sections 47(2) (3) and 48 are applicable by analogy to patents of introduction.

Section V: Importation by Owner or Licensee

Direct or indirect importation by the owner of the patent of introduction or by a licensee under such a patent of a product, the subject of the patent of introduction, or of a product obtained directly by means of the process, the subject of the patent of introduction, shall constitute an offence punishable according to Section 50. Importation of model or prototype products shall not constitute such an offence.

ANNEX B

POSSIBLE ADDENDUM ON INVENTORS' CERTIFICATES *

Section I: Grant of Inventors' Certificates

(1) Sections 2 to 9, 11 to 15, and 17 to 20, shall be applicable by analogy to the grant of inventors' certificates.

(2) The grant of an inventor's certificate shall be exempt from fees.

Section II: Obligations and Rights of the State

(1) The State is required to examine the possibilities of exploitation of the invention, the subject of an inventor's certificate, in State undertakings and organizations, and to exploit it to the extent possible.

(2) It may authorize any undertaking or person to exploit the invention in the country.

* Countries adopting this Annex would have to word Section 1 of the Law as follows:

Alternative for Section 1: Grants of Patents or Inventors' Certificates

(1) For any invention which is new, results from inventive activity, and is capable of industrial application, the inventor or his successor in title may obtain, at his option, either a patent or an inventor's certificate.

(2) The same stipulation applies to inventions improving other inventions.

(3) Principles and discoveries of a scientific nature shall not be considered to be inventions.

Section III: Obligations and Rights of the Holder of the Certificate

- (1) The holder of an inventor's certificate has the right and the obligation to participate actively in the examination, the carrying out, and the subsequent development, of the invention in the country.
- (2) He is required in particular to put at the disposal of the State or any persons or undertakings designated by the State all documentation in his possession regarding the invention and give all advice and information relating to it.

Section IV: Compensation to the Holder of the Certificate

The holder of an inventor's certificate for an invention which is exploited in State undertakings or organizations, or, by virtue of an authority from the State, by other persons or undertakings, has the right to receive from the State adequate remuneration, commensurate with the extent of the exploitation of the invention, as well as other benefits to be fixed by the Rules.

Section V: Penal Sanctions

- (1) Usurpation in an application for an inventor's certificate of the inventorship or co-inventorship, or the attributing of co-inventorship to persons who have not contributed an inventive activity, shall be punished by a fine not exceeding.....or a term of imprisonment not exceedingmonths, or both.
- (2) In case of recidivism, the maximum penalties shall be doubled.
- (3) Recidivism shall be deemed to have occurred when, within the preceding five years, the offender has been convicted under the provisions of subsection (1) above.

Section VI: Applicability of Other Provisions

Sections 24, 26, 47, 48, 58, and 59, shall be applicable by analogy to inventors' certificates.

**LIST OF PARTICIPANTS
OF THE
MODEL LAW COMMITTEE**

LIST OF PARTICIPANTS OF THE MODEL LAW COMMITTEE

(Geneva, October 19 to 23, 1964)

I. STATES

ALGERIA

Mr. Brahim BENDRIS, Director, National Office of Industrial Property, Algiers.

Mrs. Chafika SELAMI, 3rd Secretary, Permanent Mission of Algeria to the European Office of the United Nations, Geneva.

ARGENTINA

Mr. Enrique Miguel PELTZER, National Director (ad interim) of Industrial Property, Buenos Aires.

CEYLON

Mr. W. M. SELLAYAH, Registrar of Companies, Trade Marks and Designs, Colombo.

CHILE

Mr. Santiago LARRAGUIBEL ZAVALA, Legal Adviser to the Department of Industry, Santiago.

COLOMBIA

Mr. Reinaldo MOSQUERA GUZMAN, Director of Industrial Property, Bogota.

DOMINICAN REPUBLIC

Mr. Manuel Ramon SOSA VASSALLO, Ambassador, Permanent Delegate of the Dominican Republic to the European Office of the United Nations, Geneva.

Mr. Pierre PORTAS, Secretary to the Permanent Delegation of the Dominican Republic to the European Office of the United Nations, Geneva.

EL SALVADOR

Mr. Rodolfo JIMENEZ BARRIOS, Legal Adviser, Ministry of Justice, San Salvador.

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Mr. J. L. MONTES BOYER, Legal Adviser, Department of Commerce and Industry, Port-au-Prince.

INDIA

Mr. A. JOGARAO, Controller-General of Patents, Designs and Trade Marks, Bombay.

INDONESIA

Mr. Sugondo SUMODIREJO, Senior Official, Department of Justice, Djakarta.

IRAN

Mr. Mehdi NARAGHI, Director of the Office for the Registration of Companies and Industrial Property, Teheran.

ISRAEL

Mr. Ze'ev SHER, Registrar of Patents, Designs and Trade Marks, Jerusalem.

KENYA

Mr. D. J. COWARD, Registrar-General, Nairobi.

MEXICO

Mr. Joaquin MERCADO, 3rd Secretary, Permanent Delegation of Mexico to the European Office of the United Nations, Geneva.

NICARAGUA

Mr. Julian BENDANA, Commissioner of Patents, Ministry of Economy, Managua.

NIGERIA

Mr. D. O. EGBUE, Acting Registrar (Commercial Legislation), Federal Ministry of Commerce and Industry, Lagos.

SIERRA LEONE

Mr. Donald MACAULAY, Principal Crown Counsel, Acting Solicitor-General, Freetown.

SUDAN

Mr. Mohamed MEKKI KANANI, Commercial Registrar, Ministry of Commerce, Industry and Supply, Khartoum.

TANZANIA

Mr. D. J. A. DOWDALL, Registrar-General, Registrar of Trade Marks and Patents, Dar-Es-Salaam.

THAILAND

Mr. Prayoon TALERNGSRI, Patent Examination Division, Department of Commercial Registration, Ministry of Economic Affairs, Bangkok.

UGANDA

Miss B. A. S. BATCHELOR, Registrar of Patents, Kampala.

VENEZUELA

Mr. Luis VILORIA-GARBATI, Director of Industrial Property, Ministry of Fomento, Caracas.

Mr. Euripides TERRERO, Lawyer, Caracas.

II. OBSERVERS**a) International Intergovernmental Organizations****UNITED NATIONS**

Mr. K. E. LACHMANN, Chief, Fiscal and Financial Branch, New York.

Mr. H. W. SINGER, Special Adviser to the Under-Secretary for Economic and Social Affairs; Associate Director, U.N. Research Institute for Social Development, New York.

Mr. L. KOPELMANAS, Legal Adviser to the Economic Commission for Europe, Geneva.

Mr. C. BENJAMIN, Deputy Legal Adviser to the Economic Commission for Europe, Geneva.

COUNCIL OF EUROPE

Mr. Per VON HOLSTEIN, General Division of the Directorate of Legal Affairs, Strasbourg.

INTERNATIONAL PATENT INSTITUTE (IIB)

Mr. G. FINNISS, President of the IIB, The Hague.

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