Sri Lanka Legislative Drafting Workshops

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AN ACT TO ESTABLISH A NATIONAL PATENTS OFFICE AND PROVIDE FOR THE BETTER REGISTRATION, CONTROL, REGULATION AND ADMINISTRATION OF PATENTS IN SRI LANKA IN ORDER TO ENSURE THE DEVELOPMENT OF SCIENCE AND TECHNOLOGY IN SRI LANKA TO A SUSTAINABLE LEVEL; TO AMEND THE CODE OF INTELLECTUAL PROPERTY ACT NO. 52 OF 1979; AND FOR MATTERS RELATED THERETO.

BE it enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows:-

Short title. 1. A person may cite this Act as the “Patent Act No.... of 1998” (hereinafter referred to as the “Act”), and the Act shall coming to operation on a date as the Minister may appoint (hereinafter referred to as the “appointed date”).

General purpose of the Act. 2. A person shall interpret this Act to achieve the following objectives:

(a) in order to encourage domestic inventors, to give the inventor of an invention or a utility model a limited monopoly in the use, manufacture and sale of invention or utility model;

(b) to empower Sri Lankans in Sri Lanka to use, service, repair, manufacture and design in new technologies relevant to Sri Lanka’s economic development; and

(c) to ensure that Sri Lanka conforms to international treaty obligations.

PART – I
SCOPE OF PATENT RIGHTS
CHAPTER – I
WHAT THE APPLICANT MUST PROVE IN ORDER TO RECEIVE A PATENT

Patent-tability. 3. (1) In this Act –

(a) “invention” means a product or process that section 5 does not make ineligible for patent protection, and which meets the criteria set forth in subsection (2);

(b) “utility model” means a product or process not made ineligible for a patent by the provision of section 5 which does not meet the criteria set forth in subsection (5) but does meet the criteria set forth in subsection (6).

(2) Except as set forth in section 5, to receive a patent, an applicant shall show reasonable satisfaction of the Director that the subject of the application has novelty, inventiveness and practical utility.

(3) Except as set forth in subsection (4), an applicant can show to the reasonable
satisfaction of the Director, the novelty of an invention or a utility model if before the date of filing an application, there existed not an identical invention or utility model publicly disclosed in a publication in the country or abroad or publicly used or made known to the public.

(4) Notwithstanding subsection (3), an applicant can show to the director's satisfaction of novelty of an invention or a utility model, if within six months before the date of filing, one of the following events occurred –

(a) the inventor has first exhibited the invention or utility model at an international exhibition recognized by the Sri Lankan Government;

(b) the inventor has first made public the invention or utility model at a prescribed academic or technological meeting;

(c) a person has disclose the invention or utility model without the consent of the applicant.

(5) To demonstrate that a product or process constitutes an invention, the applicant shall make a persuasive showing that the product or process has prominent substantive features and represents a non-obvious step forward in the art concerned.

(6) To demonstrate that a product or process constitute a utility model, the applicant shall make a persuasive showing that the product or process has substantive features and represents a step forward in the art concerned.

Exception to patentability.

4.(1) Except as set forth in subsection (2), the Authority shall not a grant patent for –

(a) scientific discoveries;
(b) rules and methods for mental activities;
(c) methods for the diagnosis or for treatment of diseases;
(d) animal and plant varieties;
(e) traditional knowledge;
(f) computer software;
(g) substances obtained by nuclear transformation or
(h) any other subject matter prescribed by the Minister:

(2) Where a community in Sri Lanka make a persuasive showing to the Minister that it has developed a product, process or art that that the community has developed over time, and that outside that community the product, process or art has novelty, inventiveness and practical utility, the community shall receive a patent for that product, process or art as an invention or a utility model.

(3) In respect of matters referred to in paragraph (d) or (e) of subsection (1), the Minister may make regulation for the collective exploitation of patent rights by the
limited monopoly
patented product or process.

License contract.

Compulsory licensing.

CHAPTER II

SCOPE OF THE PATENT MONOPOLY

5. Except as set forth in this Chapter, a person may not make, use or sell a product or process for which another has a subsisting, valid patent, or nor may a person import a product or process for which another has a subsisting, valid patent.

6. (1) Except as set forth in section 7, by a written contract, an owner of a patent may license another to make, use or sell the subject of the patent.

(2) Unless expressly given the right in the contract referred to in subsection (1), a licensee may not authorize another person to make, use or sell the subject of the patent.

7. (1) Subject to subsection (2), except if the patentee or patentee’s licensee already makes or uses the patented invention or utility model in a production process in Sri Lanka, the Director may grant a compulsory license to make, use or sell the subject of the patent.

(2) Notwithstanding subsection (1), the Director may grant a compulsory license, if the applicant for a compulsory license applies for a license and demonstrate persuasively that-

(a) the applicant has-

(i) sufficient means to make, use or sell the subject of the patent; and

(ii) requested the patentee for a license to do so on reasonable terms, but within a reasonable time the patentee has not granted it; or
Inventions and utility models that concern priority technology.

(b) a national emergency or extraordinary state of affairs or the public interest otherwise requires a compulsory license.

(3) A person to whom the Director grants a compulsory license shall pay a reasonable fee for making, using or selling a subject of the patent, as the parties may agree, or in default of agreement, as the Director may determine.

8. (1) By regulation, the Minister shall determine what subjects of patents relating to productivity concern science and technology that of great importance for the development of Sri Lanka's economy.

(2) In making that determination, the Minister shall take into consideration the present state of Sri Lanka's economy and the immediate, direct contribution that a subject of a patent might take to strengthening Sri Lanka's economy in the near future.

(3) The Minister shall, in that determination specify:

(a) subjects of industrial property which accompanied by machinery or equipment that the law permits to transfer;

(b) know-how and technical knowledge on technology in the forms of technological plans, technical solutions and process technology;

(c) technical services, training of technical personnel and high level management personnel and provision of information in connection with the technology transferred.

(4) If pursuant to subsection (1) the Minister has specified the subject of the patent as a priority matter, before receiving a patent for a subject referred to in subsection (1), the applicant shall give an undertaking in writing, that he will commence the production of the patented product or use the patented process in Sri Lanka within three years of the date of grant of patent.

(5) If the patentee who has given an undertaking in pursuance to subsection (3), does not begin manufacturing or using the patented product or process in Sri Lanka before the expiry of three years after the date of the grant of the patent, the patent becomes void.

9. Notwithstanding section 5, a person-

(a) may make, use or sell a product, process or art for which another has a valid, subsisting patent in connection with acts done for industrial or commercial purpose and in particular acts done only for scientific research and educational purposes;
(b) may make, use or sell a product, process or art which the person had done before the issuance of the patent; and

(c) if licensed by the patentee, may make, use or sell the invention or utility model.

CHAPTER – III

DURATION OF PATENT

10. (1) Subject to the provisions of sections 11 and 12, a person shall obey the requirements of section 5 with respect to an invention for twenty years counted from the date of filing.

(2) Subject to the provisions of sections 11 and 12, a person shall obey to the requirements of section 5 with respect to a utility model for ten years counted from the date of filing.
PART II
APPLICATION FOR, AND GRANT OF PATENTS
CHAPTER IV
APPLICATION FOR PATENT

Applicatio
n for patent.
11.(1) An applicant for a patent shall in his application-

(a) make a request for the grant of patent;
(b) describe the invention or utility model;
(c) state the title of the invention or utility model;
(d) state the name of the inventor; and
(e) state the name and address of the applicant.

(2) The description shall state the invention or utility model sufficiently clear and complete so as to enable a person skilled in the relevant field of technology to carry it out; and where necessary accompany the description with drawings.

(3) An applicant for a patent shall pay the prescribed fee.

(4) Except in case where two or more inventions or utility models belong to a single general inventive concept, an applicant for a patent for invention or utility model may file only one application in respect of one invention or utility model.

(5) Wherever applicable, the applicant shall attach with the application, a certified copy of the technology transfer contract made in pursuance to subsection (4) of section 4.

Annual fee on Patents.
12. The patentee shall pay an annual fee prescribed, beginning with the year of grant of the patent right.

Cessation of patents.
13. (1) In any of the following cases, a person need not obey to the requirements of section 5 -

(a) thirty days after the patentee fails to pay annual fee on the prescribed date;
(b) after the patentee abandons his patent right by a written declaration;
(b) after the patent has become void under subsection (4) of section 8.

(2) The Director shall record, a cessation of the patent right and notify that to the public by notice publish in the Gazette.

14. A Party to a technology transfer contract shall make it in writing, signed by the parties and register that contract with the Appropriate Authority. The contract shall include the following:-

(a) the subject of the contract, the name and particulars of the technology, the contents of the technology and the results from the application of the technology;

(b) the quality of the technology and the contents and term of warranty for the technology;

(c) the scope and extent of keeping the technology confidential;

(d) the price of the technology and manner of payment;

(e) the responsibilities of the parties with respect to protection and further development of the technology;

(f) undertaking on training technical and high level management personnel in connection with the technology transfer;

(g) arbitration procedure in case of disputes.

CHAPTER V

GRANT OF PATENT

15.(1) On receipt of an application under section 10, the Director shall forthwith -

(a) examine the application;
(b) if satisfied that the application complies with the requirements of the Act, publish a public notice stating the nature of the application and fixing a date not later than thirty days after the date of the notice for a public hearing on the application.

(2) If the Director finds that the applicant does not comply the requirements of the Act, the Director shall, by notice request the applicant to file the required correction within
the time specified in the Notice, and if the applicant does not so file, the Director shall reject the application.

(3) In writing, stating the reasons for such rejection, the Director shall notify the applicant of a decision under subsection (2).

Search report. 16.(1) Except as set forth in subsection (2), within the prescribed period, an applicant shall furnish, as prescribed by law, an international type search which if not in official languages, with a translation in English.

(2) On request by an applicant, in lieu of the international-type search, the Director may refer the application to a local examiner for examination of the application on the basis of the claim, with due regard to the description and drawings, if any, and within the prescribed period, submission of a report to the Director on the relevant prior art.

Applicatio n by foreigners. 17.(1) Where a foreigner or a foreign enterprise having no habitual residence or business office in Sri Lanka files an application for a patent in Sri Lanka, the Director shall deal with the application in accordance with an agreement concluded between the country to which the applicant belongs and Sri Lanka or in accordance with an international treaty to which both countries have adhered.

(2) Where a foreigner or a foreign enterprise having no habitual residence or business office in Sri Lanka applies for a patent in Sri Lanka, or has other patent matters to attend to, in Sri Lanka, as his or its agent, he or it shall appoint a patent agent licensed under this Act.

Grant of patent. 18.(1) After a public hearing referred to in section 14, if the Director has determined to grant the patent, the Director shall forthwith—

(a) issue to the applicant a certificate of the grant of the patent and a copy of the patent together with a copy of the search report;

(b) register the patent in the register maintained at the Patent Office.

(2) As soon as possible thereafter the Director shall publish in the gazette a reference to the grant of the patent; and make available to the public, on payment of the prescribed fee, copies of the patent together with copies of the search report.

(3) If the Director has determined not to grant the patent the Director shall notify the determination within fourteen days of the date of determination to the applicant in writing stating reason for the decision.
19. The President shall establish an office called the National Patent Office of Sri Lanka (hereinafter referred to as the "Patent Office") which shall be the only office in Sri Lanka for the registration, regulation and administration of patents in Sri Lanka.

20. (1) The President shall appoint a person to act as the Director of Patents (hereinafter referred to as the "Director").

(2) The Director shall hold a legal qualification and shall have substantial demonstrative knowledge of patent law and practice.

(3) The Director shall, subject to the direction of the Minister, have general control and superintendent of the registration, regulation and administration of patents under this Act and of persons appointed for or engaged in the carrying out of the provisions of the Act.

(4) The Minister may in consultation with the Director appoint, fit and proper persons to act as Deputy Director and Assistant Directors as the Minister may consider necessary.

21. The Director shall keep and maintain a register called the Register of patents wherein all patents shall be recorded, in the order of their grant, specifying the number of the patent, the name and address of the grantee and, if the grantee is resident outside Sri Lanka, a postal address for service in Sri Lanka; the dates of application and grant and such other matters relating to patent, as the law may from time to time prescribe.
22. On payment of the prescribed fee, a person may examine the register and may obtain certified extracts from the register patent.

23. (1) The Minister shall appoint a Patent Board comprising of five members for the purpose of hearing an appeal or complaint made under this Act and deciding on matters regarding compensation and awards as provided by this Act.

(2) The Director shall act as the Secretary to the Patent Board.

24. The Minister may prescribe regulations governing the licensing of patent agents representing applicants or other parties before the patent office and may require an applicant, before granting license, to show that the applicant has a good moral character and reputation and possesses the necessary qualifications to render valuable service, advise and assistance in the presentation or prosecution of applications or other business before the patent office.

25. Within six months after the closure of a financial year, the Director shall submit a report giving a full account of the activities of the Patent Office during that year to the Minister who shall, prior to the end of the next year place the report before Parliament.
PART – IV

SANCTIONS

CHAPTER – VII

SANCTIONS

26.(1) A person who knowingly infringes the rights of a registered owner, assignee or licensee of a patent commits an offense, and on conviction after trial a Magistrate shall pass a fine not exceeding one hundred thousand rupees or an imprisonment for a term not exceed one month or both such fine and imprisonment, and in the case of a second or subsequent conviction double the sentence and fine.

(2) In addition to the sentence and penalty imposed under subsection (1), the Magistrate may make an order that the person found guilty to pay a sum equivalent to three times the profits that person would have made by the infringement, to the patentee or licensee, as the case may be.

27. A person may not commence a prosecution for an offense under this Act after the expiration of three years from the date of commission of the offense or one year from the date of first discovery thereof by that person, whichever first happens.

PART- V

DISPUTE SETTLEMENT

CHAPTER-VIII

PRIVATE RIGHT OF ACTION

28. (1) Where, not later than six months of the date of notification of a grant of a patent by the Director under section 18, a person considers that the grant of patent does not comply with relevant provisions of the Act, that person may appeal to the Patent Board to declare the patent invalid.

(2) The Patent Board shall examine the appeal made under subsection (1) and make a decision and notify the decision to the person who made the request and the patentee. The Director shall register a decision of the Patent Board declaring a patent invalid and publish that in the Gazette.
Re-examination of compulsory license.

Institution of action by patentee.

29. A patentee who does not satisfy with the decision of the Director under section 7 may, within thirty days from the date of communication of the decision appeal to the Patent Board against that decision.

30.(1) A patentee whose patent, in violation of section 5 a person makes, uses or sells may-

(a) recover damages from that person;

(b) obtain an Order requiring that person to cease violating section 5, on passing of civil fine or imprisonment for its violations; and

(c) obtain an account of profits made by that person by reason of the violation of section 5.

(2) A patentee whose patent, in violation of section 5 a person makes, uses or sells may institute an action in the Commercial Court against that person.

CHAPTER IX

APPEALS TO COURT OF APPEAL

Appeals to Court of Appeal.

31.(1) A party aggrieved by the decision of the Patent Board under section 28 may, within three months from the date of communication of the decision, appeal to the Court of Appeal against that decision.

32. (2) A patentee who does not satisfy with the decision of the Patent Board under section 29 may, within thirty days from the date of the decision of the Patent Board, appeal to the Court of Appeal against that decision.
PART-VI
FINANCE
CHAPTER – X
PATENT FUND

Levy of a Cess.

32. (1) The Director shall impose, levy, charge and recover, a Cess on the fee paid by every licensee of a license contract under this Act, at the rate prescribed by the Minister.

(2) The Minister shall pay the Cess recovered on account of a license contract to the General Fund, to the Patent Fund.

Patent Fund.

33. (1) For the purpose of this Act, Secretary to the Ministry of the Minister shall establish a fund to be called as Patent Fund (hereinafter referred to as the “Fund”). The Director shall have control and supervision over the Fund.

(2) The Fund shall receive credit in the following manner-

(a) one half and every fee or charge prescribed, and recovered under this Act by the Director;

(b) one half of the penalty imposed and recovered under the provision of this Act by court as penalty for any offense under this Act; and

(c) the Cess recovered by the Director under section 25.

(3) The Director shall pay out of the fund-

(a) all sums of money required to defray any expenditure incurred by the Director in the exercise, discharge and performance of his powers, functions and duties under this Act;

(b) all such sums of money as the law may prescribe;

(c) all rewards for inventors, creators and contributors to the development of science and technology, as determined by the Patent Board.

Audit of the Fund.

34. Provision of Article 154 of the Constitution shall apply to the audit of the accounts of the Fund.
PART VII
CHAPTER XI
MISCELLANEOUS

Regulations

35. (1) The Minister may make regulation for the purpose of carrying out or giving effect to the objectives and provisions of this Act and in particular in respect of any matter that the Act shall prescribe.

(2) Without prejudice to the generality of the powers conferred by subsection (1), the Minister may make regulations in respect of any or all of the following matters:-

(a) the practice of registration of patent;
(b) the classification of goods and service for the purpose of registration;
(c) prioritized subjects for the development of science and technology;
(d) the fees payable for registration and other matters;
(e) reward to the inventors and creators;
(f) the rate of Cess that the Director shall impose on a licensee under a license contract;
(g) all matters which the Act shall charge under the direction and control of the Director.

(3) The Minister shall publish in the Gazette, every regulation made by the Minister and a regulation shall come into operation on the date of publication or on a later date as specified o the regulation.

(4) The Minister shall, as soon as convenient after its publication in the Gazette bring every regulation before Parliament for approval. A regulation which Parliament does not approve shall become rescinded from the date of its disapproval, but without prejudice to anything previously done thereunder.

(5) The Minister shall publish the date of disapproval of a regulation under subsection(4), by Parliament.

Amendment to the Code of Intellectual Property Act No. 52 of 1979

36.(1) The Act shall amend, with effect from the appointed date, the Code of intellectual property Act No. 52 of 1979 to read that has no longer comprise of Part IV under the heading Patents.

(2) Other provisions the Code of Intellectual property Act relating to patents shall amend to read as those provisions do not have a reference to patent.
(3) All regulations made under the Code of intellectual property relating to patent and existing on the appointed date shall continue in force until this Act shall amend, vary or revoke those regulations.

37.(1) All patents granted by the national intellectual property office under the provisions of the Code of Intellectual Property Act No. 52 of 1979, prior to the appointed date and subsisting on that date shall, from that date become patents granted under the provisions of this Act.

(2) The Director of Intellectual Property shall, within one month from the appointed date, transmit all records maintained by National Intellectual Property Office under the Code of Intellectual Property Act, in relation to patents referred to in subsection (1), to the Director of Patent.

38. In the event of inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

39. In this Act the expression –

"Appropriate Authority” means Board of Investment established under the Board of Investment Law;

"Authority “means the Director of patent appointed under the Act ; and

"Court” means the Commercial Court constituted under the Judicature Act.