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COMITE D'EXPERTS POUR L'ETUDE D'UNE LOI-TYPE
CONCERNANT LES INVENTIONS ET LES PERFECTIONNEMENTS TECHNIQUES
POUR LES PAYS EN VOIE DE DEVELOPPEMENT

- :- :- :- :- :- :- :- :-

Gebève, 19-23 octobre 1964.

Texte anglais

BUREAUX INTERNATIONAUX RÉUNIS
POUR LA PROTECTION DE LA
PROPRIÉTÉ INTELLECTUELLE
BIBLIOTHÈQUE

**BUREAUX INTERNATIONAUX
RÉUNIS POUR LA PROTECTION DE LA
PROPRIÉTÉ INTELLECTUELLE**



**UNITED INTERNATIONAL
BUREAUX FOR THE PROTECTION OF
INTELLECTUAL PROPERTY**

GENÈVE, SUISSE

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Compte chèques postaux 12 - 5000
Téléphone : (022) 34 63 00

GENEVA, SWITZERLAND

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Case postale 18, 1211 Genève 20
Adresse télégr. : BIRPI

June 30 1964.

Circular No. 512

Your Excellency,

In accordance with a Recommendation adopted by a Committee of Experts to study the industrial property problems of industrially less developed countries, which met at the Headquarters of BIRPI in Geneva from October 21 to 23, 1963, BIRPI have prepared a draft Model Law on Inventions and Technical Know-How, taking into account the requirements of developing countries.

- ./.. A copy of this draft with a commentary (documents PJ/34/2 and PJ/34/3), together with the Report of the Committee of Experts
- ./.. (document PJ/25/5/Rev.) are enclosed herewith.

This draft will be submitted for discussion and opinion to a second Committee of Experts composed of delegates from developing countries which are likely to have a direct interest in the matter. This Committee will meet in Geneva, Switzerland, at the Headquarters of BIRPI, from October 19 to 23, 1964.

In the course of its work, the Committee will also be asked to consider paragraph 3 of a Resolution adopted by the United

- ./.. Nations Conference on Trade and Development, a copy of which is enclosed herewith.

- ./.. A list of countries, both members and non-members of the Paris Union for the Protection of Industrial Property, invited to be represented on the Committee of Experts, is also enclosed herewith. This list includes almost all the States which were considered as developing countries by the United Nations Conference on Trade and Development, with the exception of the countries Members of the Accord of Libreville of September 13, 1962, relating to the creation of an African and Malagasy Industrial Property Office, which States have already adopted a uniform law on patents.

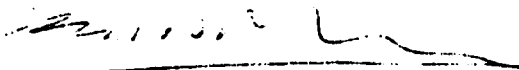
/ I shall be grateful if

I shall be grateful if you will be good enough to let me know whether or not your Government wishes to participate in the work of this Committee and, if so, indicate to me the name and address of your representative, before September 1 next. A further copy of the draft Model Law and the Commentary will be sent directly to the expert appointed.

The working languages of the Committee of Experts will be English, French and Spanish.

In view of the nature of this Committee, the travelling and subsistence expenses of the delegates will be the responsibility of the Governments which have appointed them.

I remain, Your Excellency,
Yours faithfully,



G.H.C. Bodenhausen
Director

Enclosures: UNCTAD Resolution
List of countries invited
Report of the Committee of Experts
Draft Model Law and Commentary
General Information Booklet on BIRPI
Blue Information Sheet on BIRPI

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June 30, 1964.

Circular No. 513

Dear Sir,

In accordance with a Recommendation adopted by a Committee of Experts to study the industrial property problems of industrially less developed countries, which met at the Headquarters of BIRPI in Geneva from October 21 to 23, 1963, BIRPI have prepared a draft Model Law on Inventions and Technical Know-How, taking into account the requirements of developing countries.

- ./.
 - ./.
 - ./.
- A copy of this draft with a commentary (documents PJ/34/2 and PJ/34/3), together with the Report of the Committee of Experts (document PJ/25/5/Rev.) are enclosed herewith.

This draft will be submitted for discussion and opinion to a second Committee of Experts composed of delegates from developing countries which are likely to have a direct interest in the matter. This Committee will meet in Geneva, Switzerland, at the Headquarters of BIRPI, from October 19 to 23, 1964.

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- In the course of its work, the Committee will also be asked to consider paragraph 3 of a Resolution adopted by the United Nations Conference on Trade and Development, a copy of which is enclosed herewith.

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- A list of countries, both members and non-members of the Paris Union for the Protection of Industrial Property, invited to be represented on the Committee of Experts, is also enclosed herewith. This list includes almost all the States which were considered as developing countries by the United Nations Conference on Trade and Development, with the exception of the countries Members of the Accord of Libreville of September 13, 1962, relating to the creation of an African and Malagasy Industrial Property Office, which States have already adopted a uniform law on patents.

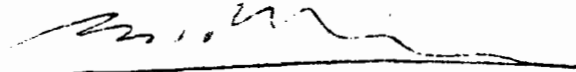
In order to limit the number of the members of the Committee, it appears necessary not to invite to the Committee delegates

/ from developed countries

from developed countries which are not, in fact, directly interested in a model law.

However, if you think it appropriate to send us any observations on the above-mentioned documents, such observations will be taken into consideration when the final texts are established.

Yours faithfully,



G.H.C. Bodenhausen
Director

Enclosures: UNCTAD Resolution
List of countries invited
Report of the Committee of Experts
Draft Model Law and Commentary

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Adresse télégr. : BIRPI

June 30, 1964.

Circular No. 514

Dear Sir,

./.. I enclose herewith a copy of a letter, and annexes, which has been addressed to the Minister of Foreign Affairs of your country.

As you will see, the object of the Meeting is to examine a draft Model Law which has been prepared by BIRPI with special attention to the needs of developing countries in the field of the protection of industrial property.

I sincerely hope that your country will be able to be represented at this Meeting and take its part in the establishment of this Model Law.

Yours faithfully,

G.H.C. Bodenhausen
Director

Enclosures: Copy of letter addressed to Minister of Foreign Affairs
Draft Model Law (PJ/34/2)
Commentary (PJ/34/3)
Report of the Committee of Experts (PJ/25/5/Rev.)
UNCTAD Resolution
List of countries invited

BUREAUX INTERNATIONAUX
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UNITED INTERNATIONAL
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GENEVA, SWITZERLAND

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Adresse télégr. : BIRPI

Circular No. 517

Dear Secretary-General,

In accordance with a Recommendation adopted by a Committee of Experts to study the industrial property problems of industrially less developed countries, which met at the Headquarters of BIRPI in Geneva from October 21 to 23, 1963, BIRPI have prepared a draft Model Law on Inventions and Technical Know-How, taking into

- ./ account the requirements of developing countries. A copy of this
- ./ draft with a commentary (Documents PJ/34/2 and PJ/34/3), together
- ./ with the Report of the Committee of Experts (Document PJ/25/5/Rev.)

are enclosed herewith.

This draft will be submitted for discussion and opinion to a second Committee of Experts composed of delegates from developing countries which are likely to have a direct interest in the matter. This Committee will meet in Geneva, Switzerland, at the Headquarters of BIRPI, from October 19 to 23, 1964.

- ./ In the course of its work, the Committee will also be asked to consider paragraph 3 of a Resolution adopted by the United Nations Conference on Trade and Development, a copy of which is enclosed herewith.

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I shall be grateful if you will be good enough to let me know whether or not your Organisation wishes to be represented by an observer at this Meeting and, if so, indicate to me his name and address before September 1 next. A further copy of the draft Model Law and the Commentary will be sent directly to him.

/ The working languages

The working languages of the Committee of Experts will be English, French and Spanish.

Yours sincerely,



G.H.C. Bodenhausen
Director

Enclosures: Draft Model Law
Commentary
Report of the Committee of Experts
UNCTAD Resolution
List of countries invited

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Adresse télégr. : BIRPI

Circular No. 541

The Director of the United International Bureaux for the Protection of Intellectual Property (BIRPI) presents his compliments to the Minister of Foreign Affairs of

... and has the honor to transmit herewith a Note (PJ/34/8) on the work of the Committee of Experts to Study a Model Law for Developing Countries on Inventions and Technical Know-How, which met at Geneva from October 19 to 23, 1964.

The Note also contains the text of the Recommendation adopted by the Committee and the list of participants.

- 201

Geneva, December 8, 1964

**BUREAUX INTERNATIONAUX
RÉUNIS POUR LA PROTECTION DE LA
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Case postale 18, 1211 Genève 20
Adresse télégr. : BIRPI

December 8, 1964

Circular No. 542

Sir,

....

I have the honor to transmit to you herewith a Note (PJ/34/8) on the work of the Committee of Experts to Study a Model Law for Developing Countries on Inventions and Technical Know-How, which met at Geneva from October 19 to 23, 1964.

The Note also contains the text of the Recommendation adopted by the Committee and the list of participants.

- 201

Accept, Sir, the assurances of my highest consideration.

G. H. C. Bodenhausen
Director

**BUREAUX INTERNATIONAUX
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Circular No. 565

April 12, 1965

Sir,

....

I have the honor to transmit to you herewith a copy of the draft summary minutes of the meetings of the Com- of Experts to Study a Model Law for Developing Countries on Inventions and Technical Know-How, Geneva, October 19 to 23, 1964 (PJ/34/10).

If you wish to make corrections in your interventions as reported in this draft document, please communicate them to me before the end of May 1965.

-201

Sincerely yours,

G. H. C. Bodenhausen
Director

**BUREAUX INTERNATIONAUX
RÉUNIS POUR LA PROTECTION DE LA
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July 14, 1965

Circular No 572

Sir,

./.

I have pleasure in sending you herewith a copy of the printed English version of the Model Law for Developing Countries on Inventions.

Spanish and French editions of this Model Law will issue next fall.

The minutes of the Model Law Committee in their final form will also follow in due course.

May I seize this opportunity to thank you once more for your most valuable cooperation in the Model Law Committee.

- 201

Sincerely yours

G.H.C. Bodenhausen
Director

**BUREAUX INTERNATIONAUX
RÉUNIS POUR LA PROTECTION DE LA
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Adresse télégr. : BIRPI

Circular No. 576

The Director of the United International Bureaux for the Protection of Intellectual Property (BIRPI) has the honour to transmit herewith a copy of the Model Law for Developing Countries on Inventions, resulting from the work of a Committee composed of experts from developing countries.

BIRPI is at the disposal of Governments for any supplementary information and assistance it can give.

- 201

July 21, 1965.

BUREAUX INTERNATIONAUX
RÉUNIS POUR LA PROTECTION DE LA
PROPRIÉTÉ INTELLECTUELLE



13 10
UNITED INTERNATIONAL
BUREAUX FOR THE PROTECTION OF
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GENEVA, SWITZERLAND

Adresse postale: 32, chemin des Colombettes
Case postale 18, 1211 Genève 20
Adresse télégr.: BIRPI

Circular No. 577

The Director of the United International Bureaux for the Protection of Intellectual Property (BIRPI) has the honour to transmit herewith a copy of the Model Law for Developing Countries on Inventions resulting from the work of a Committee composed of experts from developing countries.

Further copies are obtainable from this Office at a price of Swiss francs 12 or U.S.\$ 2.75.

French and Spanish versions will be available before the end of this year.

- 201

August 12, 1965

**BUREAUX INTERNATIONAUX
RÉUNIS POUR LA PROTECTION DE LA
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Circular No. 588

October 20, 1965

Dear Sir,

Referring to my letter of April 12, 1965, with which I transmitted to you the draft of the minutes of the Model Law Committee (PJ/34/10), we have received a number of suggestions for corrections in the English and French parts of these minutes, which have been revised accordingly and are included now in documents PJ/34/10/Rev.(English) and PJ/34/10/Rev.(French Annex).

No suggestions have been received concerning the Spanish Annex so that PJ/34/10 (Spanish Annex) remains unchanged.

For budgetary reasons, we are unable, to our regret, to issue complete French and Spanish versions of these minutes and we have had to limit ourselves to reproducing in French and Spanish only those interventions which during the meeting were made in French or Spanish respectively.

Thus the final and complete minutes consist of the following three documents: PJ/34/10/Rev.(English), PJ/34/10/Rev.(French Annex) and PJ/34/10 (Spanish Annex). They are included with this letter. If you need further copies, please let us know and we shall be glad to furnish them to you.

201

Yours faithfully,

G.H.C. Bodenhausen
Director

COMMITTEE OF EXPERTS
TO STUDY A MODEL LAW FOR DEVELOPING COUNTRIES ON
INVENTIONS AND TECHNICAL KNOW-HOW

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

=====

Western Samoa

BIRPI

UNITED INTERNATIONAL BUREAUX
FOR THE PROTECTION OF INTELLECTUAL PROPERTY
GENEVA, SWITZERLAND

COMMITTEE OF EXPERTS TO STUDY A MODEL LAW FOR DEVELOPING COUNTRIES ON INVENTIONS AND TECHNICAL KNOW-HOW

(Geneva, November 2 to 6, 1964)

AGENDA

1. Opening of the Meeting by Professor G. H. C. Bodenhausen, Director of BIRPI.
2. Election of the Officers of the Meeting: Chairman and three Vice-Chairmen.
3. Consideration of the Draft Model Law on Inventions and Technical Know-How (documents PJ/34/2, 3 and 4).
4. Consideration of Recommendation A.IV.26 of the United Nations Conference on Trade and Development and of Resolution 1013 (XXXVII) of the Economic and Social Council of the United Nations (document PJ/34/5).
5. Adoption of a Report on the Conclusions of the Meeting.

UNITED INTERNATIONAL BUREAU
FOR THE PROTECTION OF INTELLECTUAL
PROPERTY

COMMITTEE OF EXPERTS TO STUDY A MODEL LAW ON
INVENTIONS AND TECHNICAL KNOW-HOW FOR
DEVELOPING COUNTRIES

Geneva, ~~November 25~~, 1964
October 19 to 23

Draft Model Law
on
Inventions and Technical Know-How

- Working Document -

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DRAFT MODEL LAW
ON
INVENTIONS AND TECHNICAL KNOW-HOW

- Working Document -

FIRST PART PATENTS

Section I : General Provisions

Article 1

Patentable Inventions

(1) There may be protected by a patent any invention which is new, results from inventive activity, and is susceptible of industrial application.

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

Article 2

Novelty

(1) An invention shall be considered to be 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 by means of 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.

Article 3

Inventive Activity

An invention shall be considered as resulting from inventive activity if it is not obvious, having regard to the state of the art.

Article 4

Industrial Application

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

Article 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 morality or public order, provided that the exploitation of an invention shall not be considered as contrary to public order or morality merely because it is prohibited by law or regulation.

Article 6

Applicability of International Conventions

The relevant provisions of international conventions to which [the country] is a party, regulating 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.

Article 7

Rights of Foreigners

Subject to reciprocity, foreigners who do not fall within the scope of the preceding Article shall have the same rights as nationals.

Section II : Right to a PatentArticle 8

Right to Grant of Patent

- (1) 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 apply for a patent or is the first validly to claim priority for an application for the same invention, shall, subject to the provisions of Articles 9

and 10 of the present Law, be deemed to be the inventor or successor in title of the inventor.

Article 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 obtaining may require that the application, or the patent granted in respect of the application, be transferred to him.

Article 10

Inventions by Agents or by Employees

Subject to the legal provisions governing agency or employment contracts, and in the absence of contractual provisions to the contrary, the right to a patent in respect of an invention made as the result of an order, or by an employee within the field of his employment, shall belong to the person who gave the order, or to the employer.

Article 11

Right of Inventor to be Named as Such

The inventor shall be entitled to be named as such in the patent.

Section III : Grant of PatentArticle 12

Terms of Application

- (1) The application for a patent shall be submitted to the Patent Office and must contain :
- (a) a description of the invention with the drawings, if any, referred to therein;
 - (b) one or more claims defining the protection sought.
- (2) If the application is made through an agent, it shall be accompanied by a signed power of attorney.
- (3) The details of the formal requirements with which the application for the patent must comply shall be fixed by regulation.

Article 13

Contents of Description

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

Article 14

Single Invention

The application for a patent may relate to only one invention.

Article 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 maximum period of three months from the date of the later application, a copy of the earlier application, certified as

PJ/34/2
page 9

correct by the Administration of the country where it was made.

Article 16

Payment of Fees

No application for a patent shall be accepted unless the fee prescribed by regulation has been paid.

Article 17

Examination of Application as to Form

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

(2) If the provisions of Articles 12, 14, or 16, have not been complied with, no patent shall be granted; if the provisions of Article 15 have not been complied with, the Office shall not mention in the patent the priority claimed.

Article 18

Grant of Patent Without Guarantee

Where the application has been made in the prescribed manner, a patent shall be granted without further preliminary examination, at the risk of the applicant, and without guarantee as to compliance with the provisions of Articles 1 and 13.

Article 19

Registration of Patents and Acts Relating Thereto

The Patent Office shall maintain a register in which shall be recorded all patents granted, numbered in the order of their grant, and, for each patent where applicable, its expiry by reason of non-payment of annual fees and all transactions made

by virtue of the present Law.

Article 20

Publication of Patents

(1) The Patent Office shall publish so soon as possible patents granted in the order of their grant, mentioning, for each patent, its number, its owner, the dates of the application, of the grant and, if applicable, of the recognized priority, and the contents of the claims.

(2) Patents granted containing, apart from the items mentioned in paragraph (1), a description and drawings if any, accompanying the application, may be consulted free of charge at the Patent Office and any person may obtain copies thereof at his own expense.

Section IV : Rights Conferred by the Patent

Article 21

Nature of Rights Conferred

A patent shall confer upon its owner the exclusive right :

- (a) to make, as well as to use, put on the market, offer for sale, import, or stock for the latter purposes, the product which forms the subject of the patented invention,
- (b) to employ, put on the market, or offer for sale, the process which forms the subject of the patented invention, as well as to use or put on the market, offer for sale, import, or stock for the latter purposes, the product directly resulting from the carrying out of the process, provided that the product is not a plant variety or an animal breed.

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Article 22

Limitation of Patent Rights

(1) The rights under a patent shall only extend to acts undertaken for industrial or commercial purposes and not to acts undertaken for private or experimental 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 put on the market.

Article 23

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.

Article 24

Rights Derived from Prior Use

Any person who, at the time of the application for a patent, or at the date of priority validly claimed in respect of such application, was, in good faith, manufacturing the product or using the process constituting the subject of the patented invention, shall, despite the patent, have the right to continue such acts. This right is only transferable with the undertaking which is the owner of the right.

Section V : Terms of Patent; FeesArticle 25

(1) Subject to Articles 44 to 46 and the payment of the annual fees to be fixed by regulation, a patent shall expire at the end of the twentieth year from the date of the filing of the application.

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

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

Section VI : Assignment and Transmission of
Patent Applications and PatentsArticle 26

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

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

(3) Assignments or transmissions by succession of patent applications and patents may be registered in the Patent Office, such registration requiring the payment of a fee fixed by regulation; assignment or transmission by succession shall have no effect against third parties until after its registration.

Section VII : Contractual LicensesArticle 27

License Contract

(1) The applicant or owner of the 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 requires the signatures of the contracting parties.

(3) Any license contract may be registered in the Patent Office, subject to a fee fixed by regulation; the license shall have no effect against third parties until after such registration.

Article 28

Right of Licensor to Grant Further Licenses,

Unless the license contract provides otherwise, the grant of a license shall not exclude the possibility of granting licenses to other persons to exploit the same invention, nor the possibility of exploiting the same invention by the owner of the patent.

Article 29

Rights of Licensee

In the absence of any contrary provision in the license contract, the licensee shall be entitled to exploit the invention in its entirety, and for the whole duration of the patent.

Article 30

Non-Assignability of Licenses

Unless the license contract provides otherwise, a

license shall not be assignable to third parties, even in the form of a sub-license.

Article 31

Contracts Concluded with Foreigners

(1) The Minister responsible for industrial property may, by decree, provide that, on pain of invalidity, license contracts, or certain categories of them, concluded with a foreigner or a foreign undertaking, and renewals or amendments of such contracts, require the approval of

(2) Approval shall be given if the contract :

- (a) contributes, directly or indirectly, to the industrial development of the country,
- (b) does not unjustifiably harm the balance of payments of the country.

(3) On the other hand, approval shall not be given :

- (a) if any provision of the contract is contrary to the laws and regulations in force,
- (b) if the conclusion, the renewal, or the amendment, of the contract was obtained by fraud or illegal pressure.

Article 32

Invalid Clauses in License Contracts

(1) Clauses in license contracts shall be null and void in so far as they impose upon the licensee limitations in the commercial or industrial field, if such limitations exceed the scope of the rights conferred by the patent.

(2) The following shall not be deemed to constitute such limitations :

- (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 that the subject of the patent be exploited in a technically flawless manner,
- (c) the obligation imposed upon the licensee to abstain from all acts liable to impede or prevent the grant of the patent or to prejudice the validity thereof.

Section VIII : Compulsory Licenses

Article 33

Compulsory Licenses for Non-Working or Insufficient Working

(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, whichever period last expires, any person interested may, in accordance with the conditions specified in Article 42, apply for the grant of a compulsory license upon one or more of the following grounds :

- (a) that the patented invention, capable of being commercially worked within the country, is not being so worked to a sufficient extent;
- (b) that the demand for the patented article, within the country, is not being met on reasonable terms;
- (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 patentee to

grant licenses on reasonable terms :

- (i) a substantial market for the export of the patented article, manufactured within the country, is not being supplied; or
- (ii) the establishment or development of commercial or industrial activities within the country is unfairly and substantially prejudiced;

(e) that, by reason of conditions imposed by the patentee upon the grant of licenses, or upon the purchase, hire or use of the patented article or process, the manufacture, use or sale of materials not protected by the patent, or the establishment or development of commercial or industrial activities within the country, are unfairly and substantially prejudiced.

(2) A compulsory license shall not be granted if the patentee justifies himself by legitimate reasons. Importation shall not constitute a legitimate reason.

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

Article 34

Compulsory Licenses Based Upon Inter-Dependence of Patents

(1) If an invention protected by a patent within the country cannot be worked without infringing rights attaching to an earlier patent, a compulsory license may, upon application, be granted under the conditions specified in Article 42, to the 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 owner of the earlier patent, if he so requests.

Article 35

Refusal of Contractual License

Any person who applies for a compulsory license under Articles 33 and 34 must furnish evidence showing that he has previously approached the owner of the patent, and was unable to obtain a contractual license from him on reasonable terms.

Article 36

Guarantees Required from Applicant

A compulsory license in accordance with Article 32 can only be granted to an applicant who offers sufficient guarantees to assure working capable of remedying the deficiencies which gave rise to the grant of the compulsory license.

Article 37

Scope of Compulsory License

- (1) Compulsory licenses shall be non-exclusive.
- (2) Any compulsory license may contain restrictions and be subject to conditions.

Article 38

Assignment of Compulsory License

(1) A compulsory license cannot be assigned, even in the form of the grant of a sub-license, except with the portion of the undertaking using the license.

(2) Any such assignment shall, on pain of invalidity, be submitted for authorization to the Authority which granted the license.

Article 39

Compensation

A compulsory license can only be granted subject to the payment of adequate royalties determined by the extent to which the invention is worked.

Article 40

Registration of License at Patent Office

Every compulsory license may, at the request of the interested party, be registered at the Patent Office, upon payment of a fee fixed by regulation. The license shall have no effect against third parties until after such registration.

Article 41

Cancellation and Amendment of Compulsory License

(1) Upon the request of the owner of the patent, a compulsory license shall be cancelled by the Authority which granted it :

(a) if the conditions which justified the grant of the

compulsory license have ceased to exist; in this event, a reasonable period may be granted to the holder of the compulsory license in which to cease all working, if immediate cessation would cause particularly serious injury to him;

(b) if the holder of the compulsory license fails to satisfy the prescribed conditions.

(2) Upon the request of the owner of the patent or of the holder of the compulsory license, the conditions of the license may be amended by the Authority which granted it, when new facts so justify, including in particular the grant by the owner of the patent of contractual licenses upon more favourable terms to licensees.

(3) Articles 40 and 42 shall apply to the cancellation and amendment of compulsory licenses.

Article 42

Procedure

(1) The application for a compulsory license under a patent, supported by the evidence required by Article 35, shall be made to the Civil Court.

The Court shall summon the applicant and the patentee, or their representatives, and shall hear them if they respond to the summons. It shall seek the opinion of the Minister responsible for industrial property, who may delegate a representative to intervene at the hearing, and to make any observations that may be useful.

(2) If the Court grants the compulsory license, it shall fix the conditions thereof, particularly as regards its duration and, in the absence of agreement between the parties, the amount of royalties payable to the patentee.

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

(4) The provisions of paragraphs (1) to (3) shall apply in the case of any assignment of a compulsory license under a patent.

Section IX : Licenses of Right

Article 43

(1) Any applicant for or owner of a patent may apply to the Patent Office to have, in respect of his patent, the mention "licenses of right" inscribed in the register; this fact shall be published by the Patent Office so soon as possible.

(2) The inscription of this note in the register shall entitle any person, at any time, to obtain a license to exploit the said patent upon such terms as may, in the absence of agreement, be fixed by the Civil Court.

(3) The amount of fees and annual fees payable in respect of patents shall be reduced by one half in the case of any patent in respect of which the mention "licenses of right" has been inscribed in the register.

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

(5) The provisions of Article 27, paragraphs (2) and (3), and of Articles 28, 29, 30, 31, and 32 shall apply equally to licenses of right.

Section X : Surrender and NullityArticle 44

Surrender of Patent

- (1) A patent can be surrendered by its owner by written declaration addressed to the Patent Office.
- (2) The surrender can be limited to one or more claims of the patent.
- (3) The surrender shall be immediately registered and published by the Patent Office.
- (4) If a contractual license is registered at the Patent Office, surrender of the patent will only be registered upon the submission of declarations by which the registered licensees consent to the registration of such surrender.

Article 45

Nullity of Patent

- (1) A patent shall be declared null and void by the Civil Court on the application of an interested party :
 - (a) if the subject-matter of the patent was not patentable within the terms of Articles 1 to 5 of the present Law,
 - (b) if the description of the invention does not satisfy the requirements of Article 13, or if the claims of the patent do not define the protection sought,
 - (c) if for the same invention a patent has been granted in the country on the basis of an application prior in date or benefiting from an earlier priority.
- (2) If the patent is only partially affected by the provisions of the preceding paragraph, nullity shall be declared

in the form of a corresponding limitation of the claims of the patent.

(3) The Court may require the 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 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 owner of the patent or his predecessor in title by a governmental or intergovernmental search institute.

Article 46

Effects of Declaration of Nullity

(1) A patent declared to be null and void shall be deemed to be null and void from its commencement.

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

Section XI : Infringement of Patent Rights

Article 47

Civil Sanctions

(1) The owner of a patent whose rights under the patent 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 his rights, the owner of the

patent may also claim damages and the application of any other sanction which the civil law permits.

Article 48

Penal Sanctions

- (1) Every intentional infringement of any right under a patent constitutes an offence.
- (2) Such offence shall be punishable by a fine of or by imprisonment for months.
- (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 for another infringement of a patent.

Article 49

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 deemed to be manufactured by the same process.

Article 50

Legal Proceedings by Licensee

Any beneficiary of a contractual license, compulsory license or license of right may demand of the owner of the patent to undertake the legal proceedings necessary to obtain civil or penal sanctions for infringement of the patent. If the owner of the patent refuses or neglects to do so within two months of the demand, the licensee may undertake such proceedings in his own name.

SECOND PART - TECHNICAL KNOW-HOWArticle 51

Definition of Conditions of Protection

(1) Subject to any right conferred by patents in force, the methods and data which are necessary or useful in the application or the putting into practice of industrial techniques shall be in the public domain.

(2) Nevertheless, on condition that these methods and data have not been published or made available to the public, and that the person who has lawfully developed or acquired them has taken the necessary steps to prevent their disclosure, they shall be protected against unlawful use, disclosure or communication by third parties.

Article 52

Unlawful Acts

Any use, disclosure or communication, without the owner's consent, of the methods or data referred to in paragraph (1) of Article 51 by any person who is aware of their secret character, as referred to in paragraph (2) of the aforesaid Article, or who could not fail to be aware of such character, shall be deemed to be unlawful.

Article 53

Transfers and Licenses

(1) Methods and data referred to in Article 51, paragraphs (1) and (2), may be transferred and may form the subject of a license contract.

(2) Article 27, paragraphs (1) and (2), and Articles 28, 29

30, 31, and 32 (except paragraph (2)(c)), shall be applicable by analogy.

Article 54

Legal Proceedings

Articles 47 and 48 of the present Law shall be applicable by analogy in the case of unlawful acts relating to technical know-how.

THIRD PART - PROCEDURAL PROVISIONS AND REGULATIONS

Article 55

Competence of Civil Courts

(1) Civil Courts are competent to deal with all litigation concerning the application of the present Law, particularly as regards rights to patents, license contracts, the grant, amendment and cancellation of compulsory licenses, the fixing of royalties relating thereto, the fixing of the conditions 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 patentee or, if he is domiciled abroad, the Civil Court of, shall be competent.

Article 56

Regulations

The measures referred to in Article 12, paragraph (3), Article 25, paragraphs (1) and (2), Article 27, paragraph (3), and Article 40, shall be included in regulations concerning the application of the present Law.

ANNEX ADRAFT SECTION
ON INVENTORS' CERTIFICATESArticle I

An inventor's certificate may be granted by the Patent Office to the inventor or his successor in title who accepts that the right to exploit his invention should belong to the State.

Article II

The grant of an inventor's certificate is exempt from fees.

Article III

(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 organisations, and to exploit it so far as possible.

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

Article IV

(1) The owner 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.

Article V

The owner of an inventor's certificate for an invention to be exploited in State undertakings or organisations or, by virtue of an authority from the State, by other persons or undertakings, has the right to receive from the State adequate compensation commensurate with the extent of the exploitation of the invention as well as other benefits to be fixed by regulation.

Article VI

(1) Unauthorized assumption of the title of inventor or co-inventor, the attributing of the title of co-inventor to persons who have not taken a creative part in an invention, the disclosure of the essential elements of an invention before the inventor has applied for a patent or inventor's certificate or given his authority, shall be punished by a maximum fine of or a maximum term of imprisonment of

(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 paragraph (1) above.

Article VII

Articles 1 to 15, 17 to 20, 24, 26, 44 (except paragraph (4)), 45, 46, and 55 of the Law shall be applicable by analogy.

ANNEX BDRAFT SECTION
ON CONFIRMATION PATENTSArticle I

A confirmation patent may be granted to an inventor or his successor in title for any invention which is the subject of a patent in force in another country and which, before the date of the application for the confirmation patent, has been neither exploited nor disclosed in the country where the latter patent is applied for, subject to the provisions of Article II.

Article II

It shall not be considered as disclosure of the invention in the country where the confirmation patent is sought that official publications of the foreign country, publishing the invention in conformity with laws and regulations relating to industrial property in that country, have, before the date of application for the confirmation patent, been made available to the public in the country where the confirmation patent is sought.

Article III

A confirmation patent shall be granted only if the importance of the invention, the industrial or agricultural benefits and the value to the public of its exploitation, as well as the amount of capital to be invested, justify it. Decision on this question shall be made by a Commission whose composition shall be fixed by regulation.

Article IV

(1) Subject to the following amendments and additions, Article 1, paragraph (2), Articles 3 to 14, 16 to 24, 27 to 32, 34, 35, 37 to 42, 44, 47 to 50, and 55 of the Law, shall be applicable to confirmation patents.

(2)(a) Notwithstanding the provisions of Article 21 of the Law, the owner of a confirmation patent, while maintaining his exclusive right of importation as against third parties, shall not have the right to import, or cause to be imported, the product, the subject of the patent or a direct result of the carrying out of a patented process, with the exception of model or prototype products not intended for sale.

(b) In addition to the provisions of Article 12 of the Law, the applicant for a confirmation patent shall also indicate in his application the number, date and the country of grant of the foreign patent which forms the basis of the application.

Article V

(1) A confirmation patent shall expire, subject to Articles IV and VI, at the end of the tenth year from the date of the filing of the application and subject to the payment of annual fees fixed by regulation.

(2) Article 25, paragraphs (2) and (3), of the Law shall be applicable to confirmation patents.

Article VI

(1) A confirmation patent shall be declared null and void by the Civil Courts on the application of an interested party :

(a) if the subject-matter of the patent was not patentable within the terms of Article 1, paragraph (2), or Articles 3 to 5, of the Law;

(b) if the description of the invention does not satisfy the requirements of Article 13, or if the claims do not define the protection sought;

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

(d) if the foreign patent on which the confirmation patent is based has been declared null and void, or has expired, before the date of the grant of the confirmation patent;

(e) if the invention, the subject of the confirmation patent, is not effectively exploited within a period of one year from the date of the grant of the confirmation patent, or if effective exploitation subsequently ceases for a period exceeding one year.

(f) if the owner of the confirmation patent infringes the provisions of Article IV, paragraph (2)(a).

(2) Article 45, paragraph (2), and Article 46, are applicable to confirmation patents.

BIRPI

UNITED INTERNATIONAL BUREAU
FOR THE PROTECTION OF INTELLECTUAL PROPERTY
GENEVA, SWITZERLAND

COMMITTEE OF EXPERTS TO STUDY A MODEL LAW FOR DEVELOPING COUNTRIES ON INVENTIONS AND TECHNICAL KNOW-HOW

~~(Geneva, November 1964)~~
(Geneva, October 19 to 23, 1964)

DRAFT COMMENTARY ON THE MODEL LAW

(Working Document)

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MODEL LAW ON INVENTIONS AND TECHNICAL KNOW-HOW

DRAFT COMMENTARY

- Working Document -

I. Origin and purpose of the draft

A "Committee of Experts to study industrial property problems of industrially less developed countries" met at Geneva from October 21 to 23, 1963. This Committee was composed of delegates from the following countries:

Algeria, Brazil, Colombia, Czechoslovakia, Iran, Japan, Sweden, Tanganyika, United States of America and Venezuela,

and benefited from the presence of two experts, Professor Stojan Pretnar of the University of Ljubljana, Yugoslavia, and M. J.E. Moukoko, Director-General of the African and Malagasy Industrial Property Office, Cameroon.

The Committee sat under the chairmanship of M. Brahim Bendris, delegate of Algeria, and its secretariat was furnished by the United International Bureaux for the Protection of Intellectual Property (BIRPI).

At the conclusion of its discussions, the Committee, having taken account of all the problems regarding industrial property in the countries in the course of industrial development, unanimously recommended that:

"1. 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;"

In order to give effect to the second of these recommendations, BIRPI have prepared the present draft model law, which they propose to submit to a second Committee of Experts, composed solely of delegates of countries which are industrially under-developed.

The commentary on the draft model law does not seek to deal with the question whether the protection of inventions and technical know-how is or is not helpful to countries in the course of industrial development.

The aforesaid Committee of Experts applied itself to these problems and the conclusions they reached are contained in the report of Mr. Dionis R. Bitegeko, delegate of Tanganyika, Reporter of the Committee. Mr. Dionis R. Bitegeko has expressed himself as follows:

"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".

Subsequently, these questions were the subject of a still more detailed study in the report of the Secretary-General of the United Nations on "The role of patents in the transfer of technology to under-developed countries" (No. E/3861; E/C.5/52/Rev.1, dated March 10, 1964).

The present draft model law is only in the nature of proposals for the attention of countries in course of development who wish to legislate or modernise their existing legislation on the protection of inventions and technical know-how.

II. Ideas underlying the draft

The ideas underlying the draft model law may be summarized as follows:

The draft is based, in the first instance, on the traditional system of patents, which has proved itself in the industrially developed countries. However, it adds to this system protection for technical "know-how" in so far as manufacturing secrets are concerned (Articles 51 to 54). Unpatented and non-secret technical know-how should be at the free disposal of industry (Article 51(1)).

In the draft, the system of patents is adapted to the special needs of the countries which are industrially less developed by the introduction:

(a) of a detailed regulation of contractual licenses (Articles 27 to 32), providing for the possibility of governmental control of these contracts, in so far as they are concluded with a foreigner or a foreign enterprise (Article 31), and containing a special provision nullifying the provisions of license contracts which impose upon the licensee, in commercial or industrial fields, limitations extending beyond the scope of the rights conferred by the patent (Article 32);

(b) of a detailed regulation of compulsory licenses (Articles 33 to 42) providing for such licenses in the case of failure to work or for insufficient working and in cases of inter-dependence of patents;

(c) of a system of licenses of right (Article 43), conferring upon any person the right at any time to obtain a license for the working of a patent upon such conditions as may be fixed, in the absence of agreement, by the judicial authority of the country concerned.

This system of contractual licenses, compulsory licenses and licenses of right, extending to over one third of the Articles of the draft model law, constitutes, so to speak, its centre of gravity.

A system of contractual licenses, with the same governmental control and the same limits concerning the freedom of trade, is similarly provided for in the case of unpatented technical know-how (Article 53).

Governmental control in respect of license contracts, both in the case of patents and of technical know-how, could protect not only national interests against undue foreign influence, but also the national balance of payments.

To give effect to the recommendations of the Committee of Experts, and in order that the draft model law should "take account of the various existing systems", the draft provides for the possibility of amending or completing certain points. Thus, certain provisions contain variants referred to in the Commentary and from which the countries in the course of development can choose when adopting the law applicable on their territories.

To avoid confusion, the principal variants have been separated from the text of the draft model law and are presented in Annexes A and B to the draft law. These provide for the possibility of introducing into the model law, in addition to the system of patents,

that of inventors' certificates or confirmation patents.

The system of inventors' certificates is known in certain socialist countries in which the principal means of production belong to the State. This system differs from the patent system in that the inventor no longer enjoys the monopoly of exploitation; this monopoly, where possible, must be the responsibility of the State. Confirmation patents are known under various names, particularly in certain Latin-American countries, where they enable special protection to be obtained for an invention, thereby making investment or industrial development possible in cases where an ordinary patent can no longer be obtained.

Other variants permitting, for example, the exclusion of certain categories of products from patentability, or the limitation of the protection of patented processes, are indicated in the case of the Articles (5 and 21) which deal with these matters.

The flexibility thus obtained in the draft by means of these variants justifies the suggestion that the special interests of countries in the course of industrial development, as emphasised by the aforesaid Committee of Experts and the report of the Secretary-General of the United Nations, are sufficiently safeguarded.

Another question for examination in relation to the special situation of these countries is that of deciding if a preliminary examination of patent applications, to be carried out by the Patent Office and bearing upon patentability, should be recommended to the countries in question. The draft model law replies to this question in the negative (Articles 17 and 18). In effect, experience in recent decades has shown that such examination imposed increasingly heavy burdens, both as regards personnel and cost, upon the countries which practised it, to such an extent that certain of them have already amended their legislation in this respect, or are seeking, by way of Conventions, to lighten the task of the National Industrial Property Offices. It would also seem that, at least during an initial period, the countries in the course of industrial

development would be well-advised not to become involved in the difficulties of preliminary examination as regards patentability, it being open to them to adopt such a system at a later stage should they consider it to be opportune. The organisation of a common Office, or adhesion to the International Patents Institute of The Hague, might then become advisable in this respect.

We would add that, according to the draft model law, an examination, a posteriori, of patents is made possible in certain cases by the provisions of Article 45 (3), which allow a Tribunal dealing with an action for the nullity of a patent to obtain information as to the possibility of anticipation of the patent in question.

III. System covered by the draft model law

As in the case of all patent legislation, the draft model law conceives the patent as a temporary exclusive right to the exploitation of an invention. The social and economic basis of this right is twofold; first, by the grant of this temporary protection, inventions, and investment in relation thereto, are encouraged; further, from the fact that patenting involves publication of the invention, such invention, at the expiration of the period of the validity of the patent, becomes available for free exploitation by all, after perhaps having, during this period of validity, inspired other and different inventions.

Based upon this concept of a patent, the draft model law first indicates (Articles 1 to 5) the conditions of patentability. These conditions are three in number: there must be an invention, which is new (Article 2), which is the outcome of inventive activity (Article 3), and which is capable of industrial application (Article 4). The draft subsequently lists (Article 5) certain exceptions to patentability.

As regards the question as to who is entitled to obtain the patent, the draft model law replies as follows (Articles 8 to 11):

In principle, the person entitled to obtain the patent is the inventor or his successor in title, or, in the case of a joint invention, the joint inventors or their successors in title. However, any person who first applies for the grant of a patent for an invention (or who is the first to make a valid claim for priority) is, apart from certain exceptional cases indicated in the draft (Articles 9 and 10), considered as the inventor or his successor in title. This rule is justified since, in the case where the same invention has been made independently by two or more inventors, it is the one who first applies for the patent, and who thus causes publication of the invention, as required by the law, who deserves protection.

As regards the grant of the patent the draft law provides that application therefor shall be made to the National Patent Office in accordance with the formal conditions specified both in the law itself and in the regulations which will complete it (Articles 12 to 18 and 56). The Office will investigate whether certain formal conditions have been complied with (Article 17), but will not undertake any examination as to whether the application satisfies the material conditions of patentability (Articles 1 to 5), nor whether it contains a sufficiently clear and complete description of the invention (Article 13). If the conditions of Articles 1 to 5 and 13 are not complied with, or if the claims of the patent do not define the protection claimed, the patent will, upon application by any interested person, be declared null and void by the Court (Article 45) with retroactive effect (Article 46).

The draft model law defines the rights conferred by the patent, as well as the limitation of these rights (Articles 21 and 24), and the term of the patent (Article 25).

It regulates the assignment and transmission of patent applications and patents (Article 26) and the system of contractual licenses, compulsory licenses and licenses of right (Articles 27 to 43), to which reference has already been made. The procedure to be followed in the case of compulsory licenses is of capital importance; it is

also the subject of a special Article (Article 42).

Other provisions in the draft relate to the surrender of a patent (Article 44) and action for nullity (Articles 45 and 46). Provision is also made for civil or penal sanctions in the case of infringement of the patent (Articles 47 to 50).

At the end of the draft model law will be found detailed provisions relating to unpatented technical know-how, provisions which have special importance for countries in the course of development. The underlying idea is that, subject to patents that may, at the time, be in force in the country concerned, methods and data which are necessary or useful in the application or the putting into practice of industrial techniques are within the public domain, and thus usable by all (Article 51 (1)). This important principle is only limited in the case where the person who has developed these techniques, or who has lawfully acquired them, has kept them secret (i.e., has neither published them nor made them accessible to the public, and has taken the necessary steps to prevent their disclosure); it is in these cases only that unauthorized use or disclosure of these manufacturing secrets is considered to be unlawful (Articles 51 (2) and 52). The draft provides that manufacturing secrets can be transferred or be the subject of license contracts, but subject to the same conditions and the same governmental control as in the case of patents (Article 53). Breaches of the regulations governing technical know-how can be the subject of judicial proceedings.

The draft model law ends with provisions relating to judicial competence (Article 55) and to the Regulations which will implement the law (Article 56). These Regulations, even more than the law itself, should be adapted to the requirements and to the judicial system of each country concerned. For this reason, it has not been possible to draft a model of the Regulations.

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IV. The Articles of the draft model law

The following notes complete, in relation to each Article, the general commentary on the draft law.

FIRST PART: PATENTS

SECTION I : General Provisions

Article 1 : This Article defines, in its first paragraph, the substantial requirements for patentability. As already indicated above, these conditions are three in number: invention (resulting from inventive activity), novelty and susceptibility of industrial application.

Paragraph 2 of the same Article excludes from the notion of invention, and consequently from patentability, principles and discoveries of a scientific nature. This exclusion is the rule in all existing patent systems. Certainly, if a scientific principle or discovery gives rise to a new product or to a new process, which at the same time stems from inventive activity and is capable of industrial application, this product or process would be patentable.

Article 2 : Novelty is defined in this Article negatively; an invention is new if it does not form part of the state of the art. The state of the art which lacks novelty is subsequently defined positively; it is constituted by everything made available to the public anywhere or at any time before the date of the filing of the patent application or the priority date validly claimed in respect thereof, by means of written or oral description, by use or in any other way (as, for example, by exhibition, subject always to paragraph 2 of this Article).

Naturally, the proof of oral description, of use or of an exhibition accessible to the public, would sometimes be more difficult to establish than that of a written

description, of which not only the exact contents, but also the date of publication, would normally be known. Nevertheless, the system of absolute lack of novelty, as indicated, justifies itself by avoiding consideration as novel and patentable in a developing country of anything which would not be so considered elsewhere.

Paragraph 2 of the Article provides for the case in which an invention is disclosed at a public exhibition and prescribes that such an invention would not, solely by reason of this fact, be considered as having been made available to the public, provided the three following conditions are fulfilled. It is necessary for the exhibition to be an official or officially recognized international exhibition, for the invention to have been exhibited by the inventor or his successor in title, and finally for this to have occurred within the six months preceding the patent application.

Article 3 : This Article specifies that invention only results from inventive activity if the invention does not emerge in a manner that is obvious from the state of the art (according to the definition given to the latter by Article 2). Thus, it is not sufficient for the product or the process in question merely to be new; it must also not be obvious to a person skilled in the art.

Article 4 : An invention shall be deemed to be susceptible of industrial application if it can be manufactured or used in any kind of industry, including agriculture. Starting with the idea that the subject of an invention is always either a product or a process, the aforesaid definition leads to the following results:
A product is susceptible of industrial application if

it can be manufactured or used in industry or agriculture; on the other hand, a process cannot be manufactured, but only used: thus a process is capable of industrial application if it can be used in industry or agriculture.

Article 5 : This Article excludes from patentability products which are plant varieties (even if the latter are "manufactured" or "used" in agriculture) and animal varieties, as well as processes which are essentially biological, but with the exception of microbiological processes and products thereof, since, in these latter cases, industrial processes and products are, in fact, involved.

In the second place, inventions which, if published or exploited, would be contrary to morality or public order are excluded from patentability. This could apply in the case of inventions, the publication of which would be contrary to moral standards current in a country or inventions which would be too dangerous if exploited. If the exploitation of an invention is prohibited (for example, as being contrary to a State monopoly) this does not, of itself, mean that such exploitation would be contrary to public order, which only involves prohibitions of a fundamental character.

Variants can also be introduced in Article 5. Certain legislation excludes, for example, the patentability of chemical or pharmaceutical products or products serving as foods for human beings and animals. The grounds for these exclusions are either that patents for such products would limit to an unreasonable extent, research in new methods of manufacture of these products or that such patents would have too much effect on the needs of every day life or public health. Each country will have to decide this question in the light of its own interests; the exclusion of the above-mentioned products

(or some of them) from patentability will give rise to more freedom of competition, but will not encourage, in the countries concerned, inventions and industrial investment in these fields, since these depend, to some extent, on the patentability of these products. Where exceptions of this kind to patentability are desired, it would be necessary to add to Article 5 a paragraph (c), on the following lines:

"(c) Chemical or pharmaceutical products or products as food for human beings and animals".

Article 6 : This Article takes account of the possibility that a country interested in the model law might be a party to a multilateral or bilateral Convention particularly concerning rights under patents. The best-known example of such a multilateral Convention on this subject is the Paris Convention for the Protection of Industrial Property, mentioned in the above recommendation 1(b) of the Committee of Experts to study industrial property problems of industrially less developed countries. Conventions of this kind sometimes contain rules which can be directly invoked by the nationals of States which are parties thereto, or by other beneficiaries. Article 6 of the draft model law ensures that these rules shall, in effect, be directly applicable, by virtue of the law. In relation to the Paris Convention, this means that the beneficiaries of this Convention (Articles 2 and 3 of the Convention) may invoke all the provisions of the present law, and equally the rights specially provided for by the Convention.

On the other hand, Article 7 of the draft law deals with the case of foreigners who are not beneficiaries of any Convention in this matter. Such foreigners can invoke the present law, subject to reciprocity, that

is to say, provided their national law also gives protection to inventions for the benefit of nationals of the country involved. Naturally, this means formal and not material reciprocity.

SECTION II : Right to a PatentArticle 8

As already briefly explained above, this Article lays down the principle (paragraph 1) that the right to the patent belongs to the inventor or to his successor in title. Following this provision, the right to an invention, including the right to apply for a patent therefor, can be assigned or transmitted even prior to the application for a patent; the owner of the right would then be the successor in title to the inventor. (The assignment or transmission of patent applications and of patents themselves is regulated by Article 26).

Paragraph 2 of Article 8 provides for the case of an invention made jointly by two or more persons. These persons are then co-inventors, and the right to the patent belongs jointly to them or to their successors in title. The same paragraph provides that, in order to benefit from the status of inventor, it is not sufficient to have taken part in the execution of an invention by mere technical assistance. It is also necessary to have contributed an inventive activity, within the meaning of Article 3 of the law.

By paragraph 3 of Article 8, the question of ascertaining who is the inventor will always be of limited importance. In order to avoid troublesome disputes on these questions, the paragraph creates a fiction of the status of inventor, or successor in title of the inventor, by attributing this status, apart from two exceptional cases (Articles 9 and 10), to the person who has first filed a patent application for an invention or who has first validly claimed priority for an application for the same invention. This system of legal fiction justifies itself not only as a means of avoiding troublesome disputes, but also

by the consideration, as indicated above, that the person who first applies for the patent thereby causes publication of the invention, as required by the law, and deserves protection.

The fiction of the status of the inventor benefits not only the person who first files a patent application for the same invention, but also the person who has validly claimed a priority in respect of an application for the same invention.

According to the aforesaid Paris Convention, which will ultimately be applicable by virtue of Article 6 of the draft model law, priority can only be validly claimed in respect of the first filing of a patent application in one of the countries of the Union (with the sole exception of Article 4 C, paragraph 4, of the Convention). The claim to priority provided for by Article 8 (3) of the model law should thus extend to the priority of the first application. In the case where priority would be invoked for different patent applications of identical date, the person who first invoked such a priority would be considered as the inventor.

The system envisaged by Article 8 of the draft, with the fiction of the status of inventor, implies, as a corollary, that no person can invoke, against the person who has first deposited a patent application (or who has validly claimed priority), the fact that he is inventor, first inventor, or co-inventor, or that, for other reasons, he should be entitled to the patent. However, this rule is subject to two exceptions, the first of which is covered by Article 9.

Article 9 : This Article provides that if the inventor, who has not been the first person to apply for the patent (or to have validly claimed priority) and who is therefore

not considered by the law to be the inventor, is able to prove not only that he is the inventor, but also that the applicant for the patent obtained his invention without he himself having consented to such acquisition, nor to the filing of a patent application by the person who so acquired the invention, he (the inventor) may claim the patent application or the patent granted on such an application. In such cases of usurpation, the first applicant for the patent, the pretended inventor, must yield to the true inventor.

Article 10 : A second exceptional system is provided for by Article 10, which deals with inventions made by agents or employees. In certain countries, the legal provisions of civil or administrative law relating to contracts of agency or employment provide a reply to the question as to who owns the right to a patent for an invention made in fulfilment of these contracts.

Certain clauses in the contracts themselves can also solve the question. However, as regards cases where such solution would not follow either from civil or administrative law or from the actual contracts, it is desirable that the law relating to inventions and technical know-how should contain provisions in this respect. Such provisions should be simple in themselves and in their application. On the assumption that the inventions referred to in Article 10 will be made under a contract and often with means placed at the disposal of the inventor by the commissioner or the employer, it is only equitable that the right to the patent for such an invention should belong to them. If then, in such a case, the agent or employee was the first applicant for a patent for such an invention and, as a result, was presumed to be the inventor, the commissioner or the employer could claim

the patent application or the patent granted upon such application.

Article 11 : Article 11 of the draft model law provides that, in all cases, the inventor, even if he is not the first applicant for the patent and cannot thus be considered as being entitled to such patent, shall nevertheless be entitled to be mentioned as inventor in the patent. He may submit an application to this effect to the Patent Office prior to the grant of the patent or, after grant, to the competent Court.

SECTION III : Grant of Patents

Article 12 : A patent is only granted upon application submitted to the Patent Office. Article 12 specifies the contents of such an application and calls for no special comment in this respect.

Article 13 : This Article emphasises that the description of the invention, the subject of the patent application, must be sufficiently clear and complete to enable a person skilled in the art, aided only by the indications contained in the description, to carry out the invention. A fundamental principle is involved, it being accepted that the counterpart of the right of temporary monopoly granted to the patentee is that the publication of the details of the invention should advance technical knowledge.

Article 14 : This Article prohibits the inventor or his successor in title from joining in a single patent application for two or more different inventions. Each invention must be the subject of a separate application for which the fees prescribed for this purpose will be payable.

Article 15 : A right of priority may be granted by virtue of legislative provisions or international treaties, the most important of which is the Paris Convention (see the above-mentioned report of the Secretary-General of the United Nations). The international regulation of the right of priority is based upon Article 4 of this Convention, which Article will, where appropriate, be applicable by virtue of Article 6 of the model law.

In accordance with Article 4 of the Paris Convention, any person who has duly filed a patent application in

a country, party to the Convention, or who is the successor in title of such a person, enjoys a right of priority for the purpose of filing, in other countries parties to the Convention, a patent application for the same invention during a period of twelve months from the date of the first filing. During this period, the second application cannot be invalidated through acts accomplished in the interval, such as publication of the invention, its exploitation, or the filing by a third party of a patent application for the same invention, nor can these acts give rise to any third party rights or rights of personal possession.

It goes without saying that any person who wishes to avail himself of the priority of an earlier application must justify his claim; Article 15 of the draft model law accordingly specifies the particulars which the applicant must furnish, in conformity with the provisions of Article 4 of the Paris Convention.

Article 16 : This Article does not call for any comment.

Article 17 : As indicated above, the draft does not envisage the examination of patents by the Office, except as regards formalities (Articles 12, 14, 15 and 16). In this respect, there is no appeal from the decision of the Patent Office, in so far as it relates to the compliance with the formalities prescribed, i.e., no person may, after grant, attack a patent on the ground that the application has not complied with certain formal requirements, or that the patent is not restricted to a single invention, or that fees have not been paid in due time. On the other hand, recognition of a right of priority, which is not a pure formality, can be dealt with by the Court, for example, in proceedings for the nullification of the

patent. If the Patent Office wrongly recognized a priority, the Court could annul it, and if recognition had been wrongly refused by the Office, the Court would order its recognition.

Another more extensive control is exercised by the Court if called upon to decide on the nullity of a patent. In such a case, the Court will examine if the material conditions for patentability are fulfilled, if the description and claims of the patent are in accordance with the law, and if the same invention has been patented as the consequence of an earlier application or with the benefit of an earlier priority.

Article 18 : This Article results from the system of examination of applications for patents, envisaged by the draft.

Articles 19 and 20 : These Articles regulate the administration of patents by the Patent Office.

Patents must be granted, that is to say, an official copy must be sent to the owner. The patent so issued will contain the details mentioned in Article 20, viz. number, owner, dates of application and grant, date of priority, if any, finally recognized, description of the invention, with drawings, if any, and, finally, the claims.

A copy of the same patent must be recorded in a register kept by the Patent Office for this purpose (Article 19). (The term "registered" is to be understood in a wide sense, meaning that the register may be constituted by the actual assembling of copies of patents and not by their reproduction in a pre-existing register).

There shall be recorded, in respect of each patent: its expiry by reason of non-payment of the annual fees, where applicable, and all acts envisaged by the law

(Article 26, assignments and transmissions; Article 27, contractual licenses; Article 40, compulsory licenses; Article 41, cancellation or amendment of these licenses; Article 43, licenses of right; Article 44, surrender; Article 46, nullity).

The Patent Office shall publish, in an Office Gazette or in an official national gazette, in respect of each patent, the essential particulars mentioned (Article 20).

SECTION IV : Rights Conferred by the Patent

Article 21 : Subject to the reservation as to single invention required by Article 14, a patent can be in respect of a product or a process or, according to the various claims, both. Article 21 defines the scope of the rights conferred by the patent - in paragraph (a) as regards a patent in respect of a product, and in paragraph (b) as regards a patent in respect of a process.

It is generally accepted in patent legislation that the rights conferred by a patent are not restricted to the manufacture of a product or to the use of a patented process, but that the patent should also protect the owner against importation, sale and use of the patented product or of the product which results directly from the carrying out of the patented process.

Variants are, however, possible here. For example, a country wishing to limit patents for a process to the application of such process could delete from paragraph (b) all matter from and including the words "as well as...". The result would be that, if the process were applied abroad, the product thereof could be freely imported into the country, and thereafter freely sold and used. However, any such weakening of the patent would not encourage industrial investment, which would then be at the mercy of free importation. Each country should accordingly exercise prudence in making its choice.

If paragraph (b) is maintained in its entirety, the final provision following the words "provided that ..." will be necessary, in order to prevent products which are not patentable under Article 5, paragraph (a), from being covered by a patent as the direct products of a patented process.

Article 22 : The proposed limitations of the rights attached to a patent are usual and only call for brief comment.

It follows from paragraph 2 that each product can be freely used after it has been lawfully put on the market in a country. In this connection, it is unimportant whether it has been lawfully manufactured or lawfully put on the market in some other country. By "lawfully put on the market" must be understood introduced into trade or commerce by the owner of the patent or by the holder of a license or by a person who is in a position to avail himself of the right recognized by Article 24, or, further, has been introduced commercially before the grant of the patent. "Lawfully" relates to the condition of the product itself in relation to the patent; the contractual clauses concerning the patent cannot diminish, as regards third parties, the propriety of its commercial introduction.

Article 23 : This Article emphasises the importance of the claims of a patent, which should define the protection sought (Article 12). These claims may be interpreted by means of the description and, if necessary, by the drawings but they remain the basis of the protection. The greatest care should accordingly be given to the drafting of claims, so that the inventor may be assured of a truly adequate protection.

Article 24 : If, at the time of filing of an application for a patent, or at the date of priority validly claimed in respect thereof, a third party (or the inventor himself) was already openly using the invention, the invention could not be considered to be new (Article 2) and a patent could not be validly obtained for it. If, on the other hand, the preliminary use of the invention was secret, i.e., had not been made available

to the public within the meaning of Article 2, the novelty of the invention would not be destroyed and a patent could be validly obtained. In this case, the position of a third party, acting in good faith, is protected by Article 24. A third party who had obtained the invention from the applicant for a patent without his authorization would not be regarded as acting in good faith.

SECTION V : Term of Patent and Fees

Article 25 : The term of twenty years provided for patents, subject to expiration for non-payment of annual fees, surrender or annulment, is a normal term. A shorter term would risk a serious reduction in the attraction which a patent offers for industrial investment in the country. It should not be forgotten that, generally speaking, several years elapse before decisions to exploit can be taken and implemented. Such exploitation will then be covered by the patent for the remainder of its term.

The system of payment of annual fees, which can be progressive, has the advantage that patents which have not sufficient importance, and which accordingly constitute a useless obstacle to the freedom of trade, can lapse simply by non-payment of the annual fees.

SECTION VI : Assignment and Transmission of Patent Applications and Patents

Article 26 : Patent applications and the patent itself can change owners by succession and by assignment inter vivos. In these cases, the patent applications must be considered as indivisible and cannot therefore be transmitted or assigned in part, either as regards a part of the invention itself, a part of its territorial area of exploitation, or a part of the rights conferred by the patent under Article 21.

Cases of co-ownership can exist, e.g., if the patent has been applied for and obtained by several persons who could be, but are not necessarily, co-inventors (cf. Article 8) or if the patent has been transmitted, causa mortis, to several heirs or, further, if the patent has been assigned to several persons or if the owner has only assigned a co-ownership's share. In all these cases, the effect of co-ownership will be governed by civil law, the patent remaining indivisible.

Paragraph 2 of Article 26 prescribes the form of assignment.

Paragraph 3 regulates the effect of assignment; between the parties it is valid (subject to the civil law) upon the accomplishment of the formalities specified in paragraph 2; as regards third parties, it will only have effect after registration at the Patent Office. (The same system is envisaged for contractual licenses - Article 27; compulsory licenses - Articles 40 and 41; and licenses of right - Article 43).

This effect as regards third parties is important, because it prevents a second assignment of the patent by the original owner and enables the new owner to

grant licenses and to take action against infringements of the patent, etc.

SECTION VII : Contractual Licenses

Article 27 : The power to grant patent licenses is of extreme importance to countries in the course of development, since it should facilitate local exploitation of any patent.

Article 27 does not call for comment, except as regards the effect of the license in relation to third parties after its registration at the Patent Office. This registration, which is provided for in paragraph 3 of this Article, in effect has the following consequences:

1. The license remains valid, even after the assignment or transmission of the patent to another person.
2. The owner of the patent cannot surrender it without the consent of any licensees (Article 44, paragraph 4).
3. The licensee can, in his own name, institute legal proceedings rendered necessary by infringement of the patent (Article 50).

Registration of licenses at the Patent Office also has the advantage for the Government of the country that it is better able to appreciate the economic importance of the patent concerned.

Article 28 : Normally, a contractual license will be non-exclusive and will not exclude the possibility of the owner of the patent granting licenses to other persons to exploit the same invention, nor himself exploiting the patent concurrently with the licensee or licensees. The license contracts can, however, always provide otherwise, i.e., they can specify licenses that are wholly or partially exclusive, or which exclude the owner of the patent from exploiting it. Partial

exclusivity can apply as regards the term of such exclusivity, the territory to which the license applies, the method of applying the patent and the rights which it confers in accordance with Article 21.

Article 29 : The license will normally be general and for the full term of the patent, but it can be limited contractually as regards time, geographical field (for only part of the territory), technique (only in respect of one or more methods of application of the patent), or in relation to the rights conferred by the patent in accordance with Article 21 (for example, the right of manufacture, importation, sale or use, or combinations of these rights).

Article 30 : The license contract can specify that the license shall be assignable, wholly or partially, and with or without the enterprise concerned, or that the licensee may grant sub-licenses, with or without the limitations mentioned in relation to Article 29.

Article 31 : It is very important for industrially developing countries to make provision for governmental control prior to the grant of licenses or to certain categories of them, when these are to be concluded with foreigners or foreign enterprises (whether such foreigners are licensors or licensees).

Article 31 is based upon Japanese legislation in this respect but it also resembles the provisions of several other legislations (see U.N. Report, pp.102 to 107).

Article 32 A patent, as an exclusive right to the exploitation of an invention, confers, for the social and economic reasons mentioned above, a temporary monopoly of such exploitation. The owner can extend to third parties

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the benefit of this monopoly by granting licenses and, in this event, he is free to limit them (cf. Article 29, above). In this, there is neither abuse of monopoly nor unjustifiable limitation of competition since, without such a license, no third party would be entitled to exploit the invention, and since the grant of these rights to third parties, even with limitations, weakens the monopoly of the owner of the patent and increases competition. Such is the position in principle. However, it is necessary to prevent the owner of the patent using license contracts to impose upon the licensee limitations which, in the commercial or industrial field, exceed the scope of the rights conferred upon him by his patent. This would occur if, for example, the patentee sought to require the licensee to purchase or use certain non-patented material, or to prohibit him from exporting to certain foreign countries, when such exportation was not already limited by patents existing within such countries.

If, then, the owner of a patent is entitled to stipulate in a license contract that the licensee shall only exploit the patent for a certain period or within a certain portion of the country, or for certain acts covered by the patent, he is nevertheless not entitled to stipulate that the licensee shall not, for example, export, or that he shall not sell competing products which do not fall within the scope of the patent, or that he must purchase unpatented material solely from the owner of the patent subject, of course, to the application of paragraph 2 of Article 32.

Paragraph 2 indicates, in effect, what are the limitations which will not be considered as going beyond the scope of the patent. Among these justifiable limitations no reference will be found to limitations as

regards price; such limitations are not an inherent element in the exploitation of a patent and should be left to free competition.

It may be mentioned that if certain clauses in the license contract impose upon the licensee limitations in the commercial or industrial fields which go beyond the scope of the rights conferred by the patent, nullity resulting from Article 32, paragraph 1, affects, in principle, only these clauses and not the contract in its entirety. However, the Court which, in accordance with Article 55 of the law, decides the nullity of clauses in the license contract will equally have to decide the question whether or not the nullity of certain essential clauses in the contract should entail nullity of the contract as a whole, according to the accepted rules of law in such matters. It is nevertheless desirable, for the security of commercial relations and in the interest of countries where the license is to be exploited, for license contracts to remain valid to the fullest possible extent.

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SECTION VIII Compulsory Licenses

Article 33 : An adequate regulation of compulsory licenses is of major importance to an industrially developing country, since such regulation would encourage working, within the country, of patented inventions, and would prevent patents granted from obstructing or hindering industrial development or freedom of trade.

The draft law contains detailed provisions in this respect, partly taken from the legislation of India. Before entering into details of this system of compulsory licenses, we would briefly indicate the reasons for which it has not been considered desirable to retain certain other possibilities designed for the same purpose, namely, that of encouraging working within the country itself of patented inventions, and of avoiding unjustifiable restrictions on trade. These possibilities might have been as follow:

1. Automatic expiration of the patent after a certain period in cases of non-working within the country.
2. Revocation of the patent for the same reasons by a legal or administrative Tribunal.
3. Expropriation of the patent.
4. Special compulsory license, for the benefit of the Government.
5. Special compulsory licenses for the manufacture or importation of certain products, e.g. pharmaceutical products or foodstuffs, in so far as such products were not excluded from patentability (cf. in this respect the comments on Article 5).

But a detailed study of these various possibilities leads to the following conclusions:

Possibilities Nos. 1 and 2 would not give good results; if they favour importation and freedom of trade, they in no way encourage industrial working within the country by the inventor, working which, without a patent, would be even less likely than otherwise. Further, possibility No. 1 does not take account of the varying types of cases and, as a result, is far too rigid.

Possibility No. 3 has no place in patent legislation and could only be considered within the framework of general legislation on expropriation.

Possibility No. 4 is superfluous once there is adequate general regulation of compulsory licenses, which regulation can also be used for the benefit of the Government.

As regards possibility No. 5, it should be borne in mind that the discrimination which it involves as regards certain products would not encourage inventions and the industrial investment necessary for their working.

Further, it does not appear desirable to recommend a general control of compulsory licenses in the public interest. Such a formula, by reason of its vagueness, lends itself too readily to abuse and would be such as to discourage inventors and industrial investment within a country. It accordingly seems preferable to specify the cases in which a compulsory license could be granted.

First, as regards the time of application, Article 33 provides that a license can be applied for after the expiration of a period of four years from the date of the filing of a patent application, or three years

from the date of the grant, whichever period last expires.

These are the periods specified in Article 5 A (4) of the Paris Convention for the Protection of Industrial Property. They are reasonable periods; the owner of the patent should have sufficient time before the date from which an application for compulsory license can be made, in which he can make preparations for the working of his patent in the country, either by himself or by contractual licensees.

As in the case of Article 5 A (4) of the Paris Convention, Article 33 of the law provides that, of the two aforesaid periods it is the period which last expires which is to be applied. In countries which do not undertake preliminary examination of patents for novelty, there should, in practice, be no great difference between the length of these two periods, since the patent would normally be granted within the year following the filing of the application.

The grounds upon which a compulsory license can be requested (and two or more can be invoked simulta-

- (a) non-working or insufficient working within the country (paragraph 3 of Article 33 specifies that by "working" must be understood manufacture of a patented article or application of a patented process, but not importation, sale or use of a patented product;
- (b) that the demand for the product is not being met on reasonable terms (this can be the case even if the invention is being worked within the country);
- (c) that working within the country is hindered by importation. This is the case when there is

working within the country, e.g., by virtue of a contractual or compulsory license, but the working is hindered by substantial importation on the part of the owner of the patent. In such a case, a compulsory license can be granted to enable increased working to take place;

(d) that by reason of the refusal of the patentee to grant licenses on reasonable terms:

(i) export is being prejudiced, or

(ii) the establishment or development of commercial or industrial activities within the country (not necessarily relating to the patent in question) is unfairly and substantially prejudiced;

(e) that by reason of conditions imposed by the patentee upon the grant of licenses, or upon the purchase, hire or use of the patented article or process, the manufacture, use or sale of materials not protected by the patent, or the establishment or development of commercial or industrial activities within the country, are unfairly and substantially prejudiced.

However, paragraph 2 of Article 33 provides that a compulsory license will not be granted if the patentee justifies himself by legitimate reasons. Since the purpose is to stimulate working within the country, importation can never be a justification.

Article 34 : This Article provides that a compulsory license can be applied for in a quite different type of case from those specified in the preceding Article, namely in the case of a dependent patent. There cannot be a multiplicity of patents for the same invention (Article 45 (1)(c)), but cases arise where a given invention cannot be worked without infringing an earlier

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patent. Article 34 provides that, in such cases, a compulsory license can be obtained, provided always that two conditions are satisfied; it is necessary for the invention forming the subject of the later patent to meet industrial purposes different from those of the invention forming the subject of the earlier patent, or to constitute noteworthy technical progress in relation to it. Further, if the two inventions serve the same industrial purpose, a compulsory license will only be granted subject to the grant of a license under the later patent to the owner of the earlier patent, if he so requests.

Article 35 : The owner of a patent must be able to avoid the grant of a compulsory license by granting a contractual license. It is for this reason that the applicant for a compulsory license must furnish proof that he has first approached the patentee and has not been able to obtain from him a contractual license on reasonable terms.

Naturally, this requirement applies equally to the case where the applicant for a license has been unable to obtain a reply from the owner of the patent, or has obtained any entirely negative reply.

Article 36 : It is to be clearly understood that compulsory licenses are not automatically granted to the first applicant, but only to persons in a position to remedy the deficiencies which justify the grant of compulsory licenses.

Article 37 : A compulsory license cannot be exclusive. It should not prevent the patentee from granting other licenses, but may contain restrictions, or be subject to conditions.

- Article 38 : To avoid abuse, restrictions have been imposed on the transfer of compulsory licenses. They call for no special observations.
- Article 39 : It is obviously necessary, in the case of the grant of a compulsory license, that the owner of the patent should receive adequate royalties. "Adequate royalties" within the meaning of this Article does not mean remuneration in the nature of a penalty. It means royalties appropriate to the working of the invention.
- Article 40 : Observations made in relation to Article 27, paragraph 3, apply equally to the effects of registration of compulsory licenses at the Patent Office.
- Article 41 : This Article deals with cancellation of a compulsory license and with the amendments which may be made in such a license. It calls for no special comment.
- Article 42 : This Article regulates the procedure for obtaining a compulsory license. Its provisions are self-explanatory.

SECTION IX : Licenses of Right

Article 43 : To complete the proposed system of contractual and compulsory licenses, the draft model law makes provision for "licenses of right". The owner of a patent, although requiring the Patent Office to record in the register that his patent is subject to "licenses of right", still retains the exclusive right to the invention, and consequently the right to prevent any exploitation of it which has not been authorized by him. At the same time, he undertakes to grant a contractual license to any interested person who so requests, upon such conditions as, failing agreement, may be fixed by the Court. In order to encourage the development of this system, the draft model law provides that the amount of the fees and renewal fees payable in respect of patents shall be reduced by one half in the case of any patents in respect of which the mention "licenses of right" has been inscribed in the register (paragraphs 1, 2 and 3).

Subject to the conditions and with the effect indicated in paragraph 4, the owner of a patent can, at any time, obtain cancellation of the inscription "licenses of right".

Subject to the power of the Court to fix conditions for the grant of a license of right in the absence of agreement between the parties, the provisions governing contractual licenses (Articles 27 to 32) apply equally to licenses of right (paragraph 5).

SECTION X Surrender and Nullity

Article 44 : The most simple way in which the owner of a patent can surrender his right to it, before the expiration of its normal term, is clearly to refrain from paying the annual renewal fees (Article 25). However, cases can arise, for example, by negotiation, where the patentee might wish to surrender his patent with immediate effect. Article 44 prescribes procedure for this purpose.

Since surrender might prejudice a licensee who had embarked upon working based upon the existence of the patent and of his own license, the owner of a patent may not surrender it without the consent of the licensee. This provision applies both in the case of contractual licenses and licenses of right.

There is no similar provision in the case of compulsory licenses, since the conditions of the grant of the license, to be determined by the Court (Article 42, paragraph 2), can also cover this situation.

Article 45 : A patent can also be annulled, wholly or in part, under the conditions specified in Article 45, in the following circumstances:

- (a) if the patent does not satisfy the requirements of patentability within the terms of Articles 1 to 5;
- (b) if the description of the invention given in the patent is not sufficiently clear and complete for it to be carried out by a person skilled in the art (Article 13); it may be mentioned here that no description, however detailed, can be absolutely exhaustive, and that there is accordingly no question of requiring the description to enable the invention to be understood by an

inexperienced person. It will be sufficient if, in the light of the description given in the patent, an expert in the matter - this being the meaning to be attached to the expression "person skilled in the art" appearing in Article 13 - can carry out the invention, even if he does not do so in the most efficient way;

- (c) if the claims of the patent fail to define the protection sought. Here it is not a matter of establishing if the claims in the patent are absolutely exact and cover, to the letter, the protection sought. In all respects, they must be interpreted in the light of the description and of the drawings of the patent, if any, as indicated in Article 23. It will, however, always be necessary for the claims so interpreted to provide a sufficient basis to enable the scope of the patent to be determined.

Paragraph 2 of Article 2 provides for the case of partial nullity of the patent. In this case, nullity will be declared in the form of a limitation of the claims. Certain claims can be declared to be completely null and void; others can be limited.

The provisions of paragraph 3 are of particular importance to developing countries whose legislation makes no provision for the preliminary examination of patent applications for novelty. These provisions confer upon the Court called upon to pronounce as to the nullity of a patent the power to require information as to the result of any such examination which a patent application or a patent for the same invention may have undergone in another country.

Article 46 : Article 46 deals with the effects of nullity (total or partial) of a patent:

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SECTION XI - Infringement of Patent Rights

Articles

47 and 48

: These two Articles describe the civil and penal actions that can be taken by the owner of a patent in the event of the infringement of his rights. Procedure will naturally be regulated by the civil and penal codes, as the case may be.

Article 49

: The owner of a patent who alleges that his rights under the patent have been infringed or threatened with infringement must, especially in a civil action, prove that he is the owner of the patent, and that the rights which he owns, under Article 21 of the law, either in respect of the product in the case of a patent for a product, or to a process or the product resulting directly from the operation of the process in the case of a patent relating to a process, have been infringed, or threatened with infringement, by the defendant.

This proof will probably be simple in the case of products, since specimens of the product, manufactured or used by the defendant, can be submitted to the Court. It will generally be more difficult to prove that a patented process has been used by the defendant in his factory, to which neither the plaintiff nor the Court would have access. A procedure for establishing proof has not been prescribed, in view of the abuse to which it might readily be subject. On the other hand, in the case where the product resulting directly from the operation of a patented process was new at the date of the application for a patent, or at the date of priority validly invoked for such application, it is permissible to assume that the same product, manufactured by another person, would have been obtained by the same process.

Article 49 thus establishes a presumption in this respect, a presumption which will be useful if the patentee has not made, in his patent, claims for the new product itself, or has not been able to do so because the actual product was excluded from patentability (Article 5).

Article 50 : This Article makes it possible for the beneficiaries of contractual and compulsory licenses and licenses of right to undertake actions for infringement in their own names, if the owner of the patent, after formal request, fails to do so. This is a necessary protection for the licensee, without which he would be helpless against infringements of the patent capable of seriously impeding his own exploitation.

SECOND PART: TECHNICAL KNOW-HOW

As already indicated above (cf. III. System covered by the draft model law), a legal regulation of the system of non-patented technical know-how is of special interest to industrially developing countries. The system proposed in the draft model law takes into consideration certain proposals of the International Chamber of Commerce, though these have been developed and amplified on several points.

The principles of this regulation are as follow:

1. Methods and data necessary or useful in the application or putting into practice of industrial techniques, if such techniques are neither patented nor kept secret, are at the free disposal of all (Article 51 (1)).
2. In order to attract investment into the country, it is, however, necessary that, among such methods and data, those which are secret should benefit from a certain protection against infringement of manufacturing secrets (Articles 51 (2) and 52).
3. Further, as in the case of patents and following similar procedure, it is necessary that unpatented methods and technical data, whether secret or not, be transferable or be the subject of license contracts. This is provided for in Article 53.

It is only in these conditions that the draft model law can meet practical needs since, in the majority of cases, license contracts cover both patents and "know-how" at the same time.

The draft model law accordingly provides, within certain limits, a protection of "know-how" which, as in the case of license contracts relating to patents, can similarly be subject

to the governmental control referred to in Article 31.

This regulation of license contracts relating to "know-how" is even more important than the actual protection granted in this field.

In effect, the protection is only concerned with manufacturing secrets and only protects them against certain unlawful acts (unlawful use, disclosure and communication) which acts, for the most part, would already be unlawful by virtue of civil law. In particular, this protection in no way restricts a person who uses, discloses or assigns "know-how" which he himself has created or developed independently, by his own means, or the use or disclosure of "know-how" if it has been published or made available to the public. In these cases there can clearly be no violation of a manufacturing secret.

Technical know-how is regulated by Articles 51 to 54, in accordance with the foregoing general principles.

Article 51 first sets out the principle that, subject to the rights conferred by any existing patents, methods and data necessary or useful to the application or the putting into practice of industrial techniques are within the public domain (paragraph 1). Then, in derogation of this principle, it provides that, among these methods and data, those which are secret in character are protected against unlawful use, disclosure or communication by third parties. It will still be necessary for any person who wishes to preserve secrecy to take the necessary steps to prevent disclosure (paragraph 2). Article 51 accordingly institutes a limited protection of "know-how" and specifies the conditions of such protection.

Article 52 indicates what is to be understood by unlawful use, disclosure or communication.

Article 53 regulates the conditions under which "know-how",

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whether secret or not, can be transferred or form the subject of license contracts.

Finally, Article 54 provides, on both a civil and penal basis, for the repression of unlawful acts which infringe "know-how".

THIRD PART: PROCEDURAL PROVISIONS AND REGULATIONS

Article 55 : This Article does not call for any special observations. As is normally the case, it is the civil courts which will be competent to hear all litigation concerning the application of the law, even in the case of penal proceedings, with a view to avoiding conflicting decisions relating to the same patent. Naturally, the procedure will be governed by the relevant Code, particularly as regards the conditions under which the judgements of the civil courts will be subject to appeal, annulment or revision.

Article 56 : This Article, which is purely formal, calls for no comment.

ANNEX ADRAFT SECTION ON INVENTORS' CERTIFICATESI. Ideas underlying the draft Section

It has been shown, at the beginning of the present commentary, that the draft model law proposed certain variants within the framework of its general system for the protection of inventions and technical know-how. One of these variants would enable the protection of inventions to be effected, at the choice of the inventor, either by a patent or by an inventor's certificate. This latter expression would seem preferable to the expression "authors' certificates", which is used in the legislation of certain socialist countries, and which can give rise to confusion with concepts appropriate to the field of literary and artistic property.

As in the case of patents, an inventor's certificate is a title to the protection of an invention. But, in essence, it differs from a patent in the following respects:

- (1) The inventor, in applying for an inventor's certificate instead of a patent, abandons to the State his monopoly to exploit his invention.
- (2) The State is required to examine the possibilities of the exploitation of the invention and to exploit it to the fullest possible extent. This is one of the cardinal features of the system of inventors' certificates. It can be to the advantage of the inventor that the State, with all its resources, should study the possibilities of exploitation of the invention, and so free the inventor from this task. It is equally important for the State that useful inventions should be exploited to the fullest extent desirable, which the inventor himself is not

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always in a position to ensure.

(3) The inventor retains the right to require the State to fulfil the obligations which are incumbent upon it, mentioned under (2) above. For its part, the State can require the inventor to lend his assistance to this end.

(4) When the invention is effectively exploited, the inventor will receive adequate financial compensation, according to the exploitation of the invention, as well as certain other advantages.

In the socialist countries, compensation is, as a general rule, calculated on the basis of the savings that State enterprises, or the State itself, will realize by means of the invention. Other advantages which the inventor might enjoy are, for example, tax remissions, awards paid by the enterprises which exploit the invention, the right to occupy additional living space, priority of appointment to important posts, study grants, or visits to holiday centres.

(5) The inventor who elects to be protected by an inventor's certificate rather than by a patent incurs no expense. The grant of the certificate is exempt from all fees.

(6) On the basis that the inventor only assigns to the State his monopoly to exploit the invention, all the usual provisions regarding patents which are not directly affected by this assignment remain unchanged. This is particularly the case as regards the definition of inventions which are capable of being protected, and recognition of the status of author of the invention.

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II. The Articles of the draft Section

The foregoing general commentary is amplified by the following explanations in respect of each of the proposed Articles in the draft of the Section relating to inventors' certificates:

Article I This Article establishes the principle that the title of protection, instead of being a patent, is an inventor's certificate, provided the inventor assigns to the State the right to exploit his invention. The inventor's certificate, like the patent, is granted by the Patent Office to the inventor or to his successor in title.

Article II : In the system of inventors' certificates, the inventor is not subject to any expense. This Article does not call for any special observations.

Article III: This Article constitutes, to some extent, the corner-stone of the system of inventors' certificates. The State is required to study the possibilities of exploitation of the invention, and to do so in its own interests as well as those of the inventor. Equally, it must exploit the invention "so far as possible", that is, if exploitation is possible, and also profitable, it must be to the full extent, only limited by the productive capacity of the enterprises of the country or its plan of economic development. According to circumstances, the State alone will exploit the invention or will authorize one or more organisations or enterprises to do so.

- Article IV : This Article recites the rights and obligations of the owner of the inventor's certificate in relation to his cooperation with the State, the State being required to study the possibilities of exploitation of the invention and, where fitting, to carry out such exploitation.
- Article V : In return for the assignment to the State of his right of exploitation, the inventor receives an adequate compensation from the State, commensurate with the extent of the exploitation of the invention, as well as certain other advantages, such as those already mentioned above. The method of calculating this compensation and the other advantages to which owners of inventors' certificates are entitled should be known in advance by inventors. They should be fixed by regulation.
- Article VI : This Article of Annex A corresponds, as regards inventors' certificates, to the provisions which, by Articles 47 and 48 of the law, apply to the infringement of patent rights.
- Article VII : The provisions of the law which apply to patents and which are not affected by the Articles of Annex A governing inventors' certificates apply, by analogy, to the latter. Article VII indicates what these provisions are.

ANNEX B

DRAFT SECTION ON CONFIRMATION PATENTS

I. Ideas underlying the draft Section

Confirmation patents have been mentioned in the second part of the commentary on the draft law dealing with general considerations in respect of systems of protection of inventions susceptible of being put into effect profitably in developing countries.

This is a category of patents already known in certain countries, particularly in Latin America, under the name of "patents of importation" or "patents of introduction". But as these patents are always linked to basic foreign patents, so confirming their value, it would seem preferable to designate them in the draft under the name of "confirmation patents".

The justification for these confirmation patents is as follows:

It can happen that an inventor who is the owner of a patent in country A, and who has not seen fit to apply for a patent for the same invention in country B, subsequently recognizes the interest which exploitation of his invention might have in the latter country, not only for himself, but also, and particularly, for the economic development of that country.

If country B is a party to the Paris Convention for the Protection of Industrial Property, and the priority period of twelve months from the date of filing of the application for the patent in country A, as provided for in Article 4 of this Convention, has expired, the invention in question can no

longer be patented in country B, due solely to the fact of publication of the patent in country A, even if the invention has not been disclosed in any other manner.

If country B is not a party to the Paris Convention, and does not recognize any right of priority as a consequence of any other provision applicable within its territory, it is as from the date of the publication of the patent in country A, or the disclosure of the invention by any other means in that country, that the invention, having lost its character of novelty, can no longer be the subject of a patent in country B.

If, however, it is admitted that exploitation of the invention in country B, on a scale which is sufficiently wide to produce favourable effects upon the economy of this country, can only be secured under the guarantee of the patent, it becomes necessary to propose a patent of a special type, and this will be the confirmation patent, particulars of which are as follow:

(1) The confirmation patent must, by definition, be linked to a patent which is in force abroad.

(2) The criterion of novelty applicable to a confirmation patent will be different, in two respects, from that which, within the meaning of Article 2 of the model law, applies to ordinary patents.

On the one hand, novelty will be assessed territorially, taking into account only such disclosure of the invention as may have occurred in the country itself, and not abroad. On the other hand, the notion of disclosure will have a more restricted scope in the sense that the fact that official publications in country A, publishing the invention in accordance with the laws and regulations of that country, although accessible to the public in country B, will not be considered

as disclosure in that country.

(3) As the principal purpose of a confirmation patent is to contribute to the economic development of the country in which it is granted, one of the conditions of the validity of such a patent is that it should be effectively exploited.

(4) Since the rules governing confirmation patents depart upon very important points from those governing ordinary patents, it is necessary to restrict the grant of confirmation patents to cases in which the invention to which it is to be applied is of special interest to the economic and industrial development of the country.

(5) Finally, it is necessary to avoid injury to the owner of the basic patent by the grant of a confirmation patent to any person who might be interested in obtaining it. Accordingly, it is necessary to provide that the confirmation patent shall only be granted to the owner of the basic patent or to his successor in title.

It is in the application of these general principles that the various Articles of the draft Section relating to confirmation patents have been conceived.

II. The Articles of the draft Section

Article I : Article I indicates to whom the confirmation patent can be granted by the Patent Office. It specifies that this person must be the inventor or his successor in title, and that the patent must be in respect of an invention which is the subject of a patent in force in another country.

This provision does not destroy the legal fiction established by Article 8 of the model law relating to ordinary patents, by which the first person who deposits a patent application is considered to be the inventor or his successor in title. The confirmation patent must, in effect, be granted to the owner of the basic foreign patent, and the provisions of the aforesaid Article 8 apply.

It is specified that the foreign patent upon which the confirmation patent is based must be in force at the time of the application for the confirmation patent. This is one of the conditions of the validity of the latter.

Article I proceeds to indicate that the confirmation patent can only be granted if the invention has neither been exploited nor disclosed by other means in the country where the confirmation patent is sought. On the other hand, exploitation or disclosure in the foreign country does not destroy the novelty of the invention.

Accordingly, from the territorial point of view, it is the criterion of relative novelty, and not that of absolute novelty, which applies to a confirmation patent.

Article II : This criterion of relative novelty from the territorial point of view is, however, not even applied to its full extent to inventions forming the subject of confirmation patents.

Article II provides, in effect, that the fact that official publications of the foreign country, publishing the invention in conformity with the laws and regulations relating to industrial property in that country have, before the date of application for the confirmation patent, been made available to the public in the country where the confirmation patent is sought, shall not be considered as disclosure of the invention.

Thus, confirmation patents benefit, as regards the application of the criterion of novelty, from a treatment which is especially favourable by comparison with that to which ordinary patents are subjected.

Article III : It is for this reason that Article III strictly limits the cases in which a confirmation patent can be granted. It is necessary for the grant to be justified by the importance of the invention, the industrial or agricultural benefits and the value to the public of its exploitation, as well as by the amount of capital to be invested. These points will not be left entirely to the consideration of the Patent Office. A Commission, whose composition will be fixed by regulation, will decide these questions, according to a procedure that will also be prescribed by regulation.

Article IV : Article IV indicates the Articles of the model law which will remain applicable to confirmation patents. Certain of these Articles can only be applied to such patents subject to amendment and additions. This is so in regard to Article 21, which, among the rights

conferred by the patent, cites the right of importation. Now, the special regime accorded to confirmation patents has the object of developing the national economy by the exploitation, under cover of a special patent, of inventions which, under other conditions, could not have been exploited within the country to the fullest extent desirable. It would thus be contrary to the basic principle of a confirmation patent to permit its owner to import the article which it covers, or, in the case of a patent relating to a process, the product directly resulting from the carrying out of the patented process, instead of requiring him to proceed with the exploitation of the patent in the country concerned.

Accordingly, the owner of the confirmation patent would not, as regards such a patent, have the right of importation, but he must be able to oppose any importation by third parties. This is provided by Article IV(2)(a). Exception is made in the case of model or prototype products not intended for sale.

Article 15 of the model law, which relates to the right of priority, would not be capable of application to confirmation patents, since during the period of priority a normal patent could be applied for on the basis of the application made in the country of origin, and there is accordingly no need to have recourse to a special confirmation patent. In effect, during this period it is not necessary to make provision for any amendment of the criterion of novelty which applies to normal patents, since acts of exploitation or acts of disclosure that may have occurred, not only do not affect the novelty of the invention, but cannot even give rise to any third party right or right of personal possession.

Thus, Article 15 of the model law could not apply in its entirety to confirmation patents, but certain of its provisions can, however, operate as a complement to those

of Article 12. These provisions are those by which the applicant for a patent is required to indicate in his application the number, date and country of grant of the foreign patent which forms the basis of his application. This is the effect of paragraph (b) of Article IV.

Article V : Article V fixes the term of a confirmation patent, which is limited to ten years. A shorter term would not be justified. It is, in fact desirable to allow the owner of the patent sufficient time to prepare for the exploitation of his invention in the country, and for such exploitation to produce its favourable effects on the national economy. On the other hand, a longer term would be questionable, in view of the fact that the character of a confirmation patent is derogatory to the general rights in patents (paragraph (1)). It is understood that the confirmation patent can lapse before the expiration of this term of ten years if the annual fees are not paid (paragraph (2)).

Article VI : Finally, Article VI deals with the case of nullity of confirmation patents, the Court being able to declare a patent null and void at the request of any interested party.

The Article deals, clearly, first under paragraph (1) with cases of nullity applying to all patents and, consequently, to confirmation patents, and further specifies the provisions which apply to such latter patents only.

The first are those mentioned under heading (1), paragraphs (a), (b) and (c).

The second, which arise from the actual definition of the confirmation patent, are three in number:

(1) The confirmation patent, since it can only be granted on the basis of a patent in force abroad, will be annulled if the foreign patent is itself annulled, or if it expires before the date of grant of the confirmation patent (d).

(2) Since the confirmation patent was granted for the sole purpose of effective exploitation of the invention within the country, it will be annulled if this exploitation is not realised. It is normal for a certain period of time to be granted to the owners of a confirmation patent in which to achieve this exploitation, but the period must be strictly limited. Article VI fixes this period at a maximum of one year. Once this period has elapsed, the patent will be annulled if the invention concerned has not been exploited. It will also be annulled if exploitation should subsequently cease for a period exceeding one year (e).

(3) Since the owner of a confirmation patent does not possess the right to import, or cause to be imported, the product which is the subject of the patent, or which results directly from the carrying out of a patented process, apart from model or prototype products not intended for sale, the confirmation patent will be annulled if this provision is not observed.

Importation of the product by the owner of the patent being strictly excluded, annulment will be declared, even if such importation were additional to exploitation of the invention within the country (f).

Finally, under paragraph (2), Article 6 recalls, in connection with the subject of the nullity of a confirmation patent, the provisions of Article 45 (2) and Article 46 of the law, which are applicable to all patents, and therefore equally to confirmation patents.

BIRPI

UNITED INTERNATIONAL BUREAU
FOR THE PROTECTION OF INTELLECTUAL PROPERTY
GENEVA, SWITZERLAND

COMMITTEE OF EXPERTS TO STUDY A MODEL LAW FOR DEVELOPING COUNTRIES ON INVENTIONS AND TECHNICAL KNOW-HOW

(Geneva, November 2 to 6, 1964)
(Geneva, October 19 to 23, 1964)

The Role of Patents in the Transfer of Technology
to Developing Countries

(Note by the Secretary-General of the United Nations)

24 September 1964

Developing countries need access to the advanced technology of the industrialized countries for the development of their industries. Since a significant part of such technology is covered by patents, the question of appropriate national legislation and international treaties in the field of industrial property invites the serious attention of the governments of developing countries.

The role of patents in the promotion of economic development has in fact been a matter of substantial concern and study in the United Nations. This question will be discussed by the General Assembly at its forthcoming nineteenth session on the basis of a report issued by the Secretary-General earlier this year entitled "The Role of Patents in the Transfer of Technology to Under-Developed Countries" (1).

At the 1961 session of the General Assembly, a number of delegations from developing countries raised the question of the value of patents owned by foreign nationals in bringing modern technology to under-developed countries and the cost which the use of such foreign patents might imply. As a result of the discussions at that session, the Assembly adopted Resolution 1713 (XVI), (reproduced in Appendix I) in which it requested the Secretary-General to undertake a comprehensive study of the issues involved, including specifically "(i) a study of the effects of patents on the economy of under-developed countries; (ii) a survey of patent legislation in selected developed and under-developed countries, with primary emphasis on the treatment given to foreign patents; (iii) an analysis of the characteristics of the patent legislation of under-developed countries in the light of economic development objectives, taking into account the need for the rapid absorption of new products and technology, and the rise in the productivity level of their economies".

In preparing the report under this Resolution, the Secretary-General collected views and information from governments of both developed and developing countries as well as from appropriate

(1) United Nations document E/3861, 9 March 1964. The report will be available in printed form in the English, French and Spanish languages shortly.

international and national agencies including the Bureau of the International Union for the Protection of Industrial Property (BIRPI), which contributed most of the data for the table on national patent legislation (Annex D of the report). The report contains a comprehensive review of the major characteristics of national patent laws and the international patent system as well as a thorough analysis of the economic implications of the introduction of patents in developing countries.

The Secretary-General's report has so far been discussed in several United Nations bodies, namely the Committee for Industrial Development (New York, March 1964), the United Nations Conference on Trade and Development (Geneva, March-June 1964), and the United Nations Economic and Social Council, in its thirty-seventh session (Geneva, July-August 1964). The Council adopted Resolution 1013(XXXVII)(1) which followed largely Recommendation A.IV.26 of the Conference(2), and inter alia requested the Secretary-General "to explore possibilities for adaptation of legislation concerning the transfer of industrial technology to developing countries, generally and in co-operation with the competent international bodies, including United Nations bodies and the Bureau of the International Union for the Protection of Industrial Property ...".

The present meeting which is called to develop a model law on inventions and technical know-how for developing countries provides a welcome opportunity for advancing the implementation of these resolutions. It is understood that the model law to be developed is intended to serve as a guide or framework, rather than as a text to be adopted uniformly in all countries, which would be difficult to devise in view of the wide range of policies and conditions prevailing in different developing countries throughout the world

The Draft Model Law prepared by BIRPI embodies a number of the points stressed in the Secretary-General's Report (E/3861). A full summary of the report and its conclusions is attached (Appendix IV). It may therefore suffice here to indicate briefly the major implications of the findings of the Report for the model legislation under consideration in this Committee. They relate particularly to those issues which arise in the adaptation of patent legislation to developing countries as called for by

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- (1) The text of this Resolution is reproduced in Appendix II.
 - (2) The text of this Recommendation is reproduced in Appendix III.

the above-mentioned resolutions. Among these issues are especially the questions of compulsory licensing and working provisions, exceptions to patentability, government controls over contractual licenses with foreigners, and preliminary examination of patent applications.

The report indicates that a system of granting patents for national and foreign inventions is on balance likely to be beneficial to the advancement of industry in developing countries, provided the laws and treaties on the subject include necessary safeguards against abuses of the monopolistic position created by the patent. The present meeting offers a useful opportunity to examine the provisions by which governments could adopt and implement such safeguards as they would consider most suitable to their particular needs.

Working Provisions

Foremost among these provisions may be those serving to assure that inventions protected by patents are actually worked in the country itself whenever this is economically possible and desirable. Indeed, patents can serve the aim of advancing the development of national industries and the utilization of the natural resources of developing countries only insofar as they are actually worked in the country. Otherwise the patent grant would chiefly serve to enable the patentee, particularly foreign nationals, to exclude other producers of the patented article from the market and thus to monopolize its import into the country. This in turn would tend to drive up the local price of the article, whenever competition was not assured by the availability of other patented or unpatented substitutes. In devising working provisions, however, account must be taken of the cases, in which the establishment of domestic production facilities for a patented article would not be economical until imports of the article had developed an adequate local market.

There is a variety of mechanisms which governments may use in order to induce actual working: the grant of patents may be conditioned upon a present commitment of production of the invention in the country; a patent which remains unworked for a stated period may be either revoked; or (subject to fair royalty payments) it may be opened to compulsory licensing to others offering to manufacture the product in the country; or it may be opened to public use by the government or private

producers; or it may be made subject to automatic lapse upon failure to prove production within a specified period. In those cases where the invention is considered affecting major public interests, e.g. because it affects public health or because it relates to vital sectors of the economy, the law may exclude patentability altogether, as is done in a number of countries.

It will be noted that the inclusion of some of these provisions in national legislation is reconcilable with the Paris Union Convention, while others are not; thus the Convention does not allow for an automatic lapse of patents and limits revocation to cases where the granting of compulsory licensing would not be sufficient to compel working; also, the Convention allows the imposition of sanctions for non-working, or insufficient working, only after the expiration of a certain period prescribed by the Convention.

The precise policy towards this issue of the working of patents and the choice of mechanisms for the implementation of such policy will be matters for consideration by the Committee and by individual governments when they come to formulate their patent legislation.

Government Review of International License Agreements

Where patents of foreign nationals are to be licensed for domestic production in the country, governments may - and frequently do - reserve the power to screen the financial terms and other conditions of the licensing agreements. Such a review is chiefly designed to make sure that the contribution to economic development to be derived from patented technology is not outweighed by the costs of securing it - chiefly in terms of royalty payments abroad, high prices to domestic consumers, and restrictive provisions unduly limiting the production and marketing of the domestically produced product. Government review can therefore not be limited to a verification, whether the patentee has exceeded the scope of the rights conferred by the patent, but must extend over the entire context of the licensing agreement. Indeed the review would encompass not only the benefits to be secured for the economy, but also of the availability of alternative sources for securing the needed technology. Court review of the administrative ruling would thus be limited to cases of abuse of discretion, since courts could not substitute their economic judgment for that of the specialized government authorities.

It may be noted that in this connexion the Secretary-General's Report also points to the measures by which the governments of industrialized countries can contribute to making advanced technological know-how available to developing countries on acceptable terms. These measures relate chiefly to the legislative or administrative control of restrictive business practices in international license agreements, as well as the provision of financial assistance (e.g. through domestic compensation of patentees or equivalent investment guarantees) for the purpose of reducing the cost to developing countries of securing patented technology. These suggestions were endorsed by the United Nations Conference on Trade and Development in its above-mentioned Recommendation (see Appendix III).

Administration of Industrial Property Laws

Whatever substantive provisions may be included in a patent law, their effectiveness will depend in large measure on the provision made for their administration. This involves in the first place the establishment of a Patent Office and the determination of its functions. Perhaps the principal issue raised in this connexion is whether there should be a preliminary examination of patent applications. While such examination would require the availability of extensive technical expertise - which is in limited supply in most developing countries - the grant of patents without examination may impose upon the economy of these countries a substantial burden in the form of higher prices protected by unjustified patent monopolies. This would be the case especially since it is more difficult to uproot invalid patents - e.g. through violations followed by infringement proceedings - than to avoid their registration by a properly administered system of preliminary examination. Moreover annulment proceedings would require the same technological expertise - in the courts - as would preliminary examination in the Patent Office. In any case, such expertise is essential to any effective government action in this field - not only in reviewing licensing agreements but generally in planning and guiding industrial development.

The issue then is perhaps not so much, whether a beneficial patent system can be operated without the services of experts in the various branches of industrial technology, but rather, how such expertise can most economically be mobilized for this and the related needs of governments in developing countries. Here resort may be had, e.g. to regional pooling arrangements for the establish-

ment of joint examination facilities, and to the utilization of existing international examination services, such as those provided by the Patent Institute of The Hague, especially where the applicant is required to bear at least a substantial portion of the cost of such examination. The Secretary-General's Report also points to the important role which may be played by the provision of technical assistance to developing countries in the establishment of patent offices and the training of their staffs. The present meeting constitutes an important contribution to this process. The United Nations has recently taken action to draw the attention of governments to the availability of technical assistance services in this field and to the importance of making full use of them.

In conclusion, it may be emphasized that if properly safeguarded by legislative and administrative measures and by carefully considered and implemented economic policies, the national and international patent systems can be effectively adapted to the needs of developing countries. Legislation cannot, however, provide the sole and ultimate solution to the problems of developing countries in connexion with their need to attract foreign technological know-how. Appropriate legislation should be considered together with other measures for technical and financial assistance to developing countries in their programmes for industrialization. It is when patent laws and treaties are operated as integral parts of overall programmes for industrial development, that they can make their fullest contribution to facilitating the transfer of technology to the developing countries, and to enhancing their ability to adapt and use such foreign technology.

Appendix I

TEXT OF GENERAL ASSEMBLY RESOLUTION 1713 (XVI)

The role of patents in the transfer of technology to
under-developed countries

The General Assembly,

Recalling its resolution 1429 (XIV) of 5 December 1959 on the possibilities of a further expansion of international contacts, as well as an increased exchange of knowledge and experience in the field of applied science and technology,

Taking note of Economic and Social Council resolution 375 (XIII) of 13 September 1951 and of the reports on restrictive business practices prepared by the Secretariat and by the Ad Hoc Committee established under the above-mentioned Council resolution, (1)

Bearing in mind that a United Nations Conference on the Application of Science and Technology for the Benefit of the Less Developed Areas will be convened under Economic and Social resolution 834 (XXXII) of 3 August 1961,

Bearing in mind that access to knowledge and experience in the field of applied science and technology is essential to accelerate the economic development of under-developed countries and to enlarge the over-all productivity of their economies,

Realizing that the protection of the rights of the patent-holders both in their country of origin and in foreign countries has contributed to technical research and, therefore, to international and national industrial progress,

Affirming that it is in the best interest of all countries that the international patent system should be applied in such

(1) See Official Records of the Economic and Social Council, Sixteenth Session, Supplement No. 11A (E/2379 and Add.1); *ibid.*, Supplement No. 11 (E/2380); document E/2443; Official Records of the Economic and Social Council, Nineteenth Session, Supplement No. 3 (E/2671); and *ibid.*, Supplement No. 3A (E/2675)

a way as to take fully into account the special needs and requirements of the economic development of under-developed countries, as well as the legitimate claims of patentees,

Requests the Secretary-General, in consultation with appropriate international and national institutions, and with the concurrence of the Governments concerned, to prepare for the Committee for Industrial Development, for the Economic and Social Council, and for the General Assembly at its eighteenth session, and taking into consideration any pertinent discussions which might take place in the United Nations Conference on the Application of Science and Technology for the Benefit of the Less Developed Areas, a report containing:

(a) A study of the effects of patents on the economy of under-developed countries;

(b) A survey of patent legislation in selected developed and under-developed countries, with primary emphasis on the treatment given to foreign patents;

(c) An analysis of the characteristics of the patent legislation of under-developed countries in the light of economic development objectives, taking into account the need for the rapid absorption of new products and technology, and the rise in the productivity level of their economies;

(d) A recommendation on the advisability of holding an international conference in order to examine the problems regarding the granting, protection and use of patents, taking into consideration the provisions of existing international conventions and the special needs of developing countries, and utilizing the existing machinery of the International Union for the Protection of Industrial Property.

1084th plenary meeting,
19 December 1961.

Appendix II

TEXT OF RESOLUTION 1013(XXXVII) ADOPTED BY THE ECONOMIC AND SOCIAL
COUNCIL

The role of patents in the transfer of technology
to under-developed countries

The Economic and Social Council,

Recalling General Assembly resolution 1713(XVI) of December 1961,

Reaffirming that access to knowledge and experience in the field of applied science and technology is essential to accelerate the economic development of under-developed countries and to enlarge the over-all productivity of their economies,(1)

Reaffirming also that the most wide-spread exchange of knowledge and experience in the field of applied science and technology would facilitate the continued development of industrialization and international economic relations,

Noting the report of the Secretary-General on the role of patents in the transfer of technology to under-developed countries, (2*)

Noting the recommendation contained in Annex A.IV.26 to the Final Act of the United Nations Conference on Trade and Development on the transfer of technology.

1. Requests the Secretary-General to explore possibilities for adaptation of legislation concerning the transfer of industrial technology to developing countries, generally and in co-operation with the competent international bodies, including United Nations bodies and the Bureau of the International Union for the Protection of Industrial Property, and to provide additional facilities for information on and for the transfer of technical documentation and know-how to the developing countries;

(1) General Assembly resolution 1713 (XVI), fourth preambular paragraph.

(2*) Official Records of the Economic and Social Council, Thirty-seventh Session, Annexes, agenda item 13 (E/3861).

2. Requests the Secretary-General to take whatever steps he may consider appropriate, such as arrangements for the reciprocal exchange of information and documentation, and provision for reciprocal representation at meetings, between the competent international bodies referred to in operative paragraph 1 and to report thereon to the appropriate United Nations bodies, including the Council;

3. Transmits the report of the Secretary-General(2*) to the United Nations General Assembly at its nineteenth session for appropriate action in the light of the recommendation on this subject contained in Annex A.IV.26 of the Final Act of the United Nations Conference on Trade and Development.

1334th plenary meeting,
27 July 1964.

Appendix III

TEXT OF RECOMMENDATION A.IV.26 ADOPTED BY THE UNITED
NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

Transfer of Technology

The Conference recommends that:

1. Developed countries should encourage the holders of patented and non-patented technology to facilitate the transfer of licences, know-how, technical documentation and new technology in general to developing countries, including the financing of the procurement of licences and related technology on favourable terms;
2. Developing countries should undertake appropriate legislative and administrative measures in the field of industrial technology;
3. Competent international bodies, including United Nations bodies and the Bureau of the International Union for the Protection of Industrial Property, should explore possibilities for adaptation of legislation concerning the transfer of industrial technology to developing countries, including the possibility of concluding appropriate international agreements in this field;
4. Additional facilities for information on, and for the transfer of, technical documentation and know-how should be organized within the framework of the United Nations in consultation with the appropriate international organizations.

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Appendix IVSUMMARY AND CONCLUSIONS OF THE SECRETARY-GENERAL'S REPORT
"THE ROLE OF PATENTS IN THE TRANSFER OF TECHNOLOGY TO
UNDER-DEVELOPED COUNTRIES" (DOCUMENT E/3861)A. National Patent Systems

The chief purpose of the economic and legal analysis undertaken in this study has been to consider, from the viewpoint of the economically under-developed countries, whether on balance the patent system can play a useful role in encouraging the transfer of technology to developing countries and contribute to their economic development; and whether this system is a proper vehicle for accommodating the respective interrelated interests involved, i.e., the interest of the inventor in his creation; the social interest of encouraging invention; the consumer interest in enjoying the fruits of the invention upon fair and reasonable conditions, and the national interest in accelerating and promoting the economic development of the country.

The grant of patent privilege has been based on two primary legal and social justifications. The first is that patents are private property, i.e. the inventor has the exclusive right in his invention and the patent grant recognizes this right. The other is that they are exclusive privileges for a limited term of years granted by the Government in the public interest to encourage research and invention, to induce inventors to disclose their discoveries instead of keeping them as trade secrets, and to promote economic development by providing an incentive for the investment of capital in new lines of production. It is on this latter rationale that modern patent systems chiefly rely.

In order to qualify for a patent grant, the product or process must conform to certain legislative criteria of industrial utility, novelty and/or inventiveness. Such statutory criteria of patentability are subject to interpretation and application by national Patent Offices and national courts. The thoroughness with which a Patent Office in practice reviews the patent applications filed with it to determine whether the invention claimed or disclosed therein is patentable depends not only on the controlling legislative provisions, but also on the extent to which the office is adequately staffed to carry out its review functions. Patent Offices of developing countries are likely to have more limited staffs and undertake a more limited review of patent applications than those of some of the more industrialized countries.

Developing countries in fact can rarely afford the resources of skilled manpower and the costs of a comprehensive Patent Office review procedure such as exists in some industrial countries. For this reason, some of them have been considering the possible harmonization and unification of their national patent systems and, more particularly, the establishment of a joint Patent Office that would have resources of trained personnel and finance that are necessary for successful patent administration but are not within the capacity of the individual under-developed countries. The first regional Patent Office and uniform patent law of this kind created so far is the African and Malagasy Industrial Property Office established pursuant to an Accord among fourteen member countries of the African and Malagasy Union.

In addition to affiliating with a regional Patent Office and pooling their joint research efforts therein, the under-developed countries may consider two alternative methods of meeting the problem posed above. They may dispense with strict standards in the review of patent applications and, following the practice of a number of countries, issue patents of importation, confirmation or revalidation, i.e., patents issued on inventions already patented in another country which are based upon the first corresponding foreign patent issued. Or, they may call on the services of an organization such as the International Patent Institute of The Hague which examines patent applications submitted by national patent administrations and gives opinions thereon to private persons.

B. International Patent Relations

Both in the under-developed countries and in most industrialized countries, but to a larger extent in the former than in the latter, the statistics indicate that, generally speaking, the percentage of patents granted to foreigners is much larger than that granted to nationals. It is therefore significant that the patent laws of most countries make no distinction between domestic and foreign applicants and follow the principle of national treatment, i.e. nationals of a foreign country or others who are domiciled or have an effective industrial or commercial establishment therein are guaranteed equality of treatment with the nationals of the country granting the patent. In a few countries, this principle is qualified by the notion that the foreign country should give reciprocal treatment to the nationals of the home country.

Of the international treaties and conventions relating to the protection of foreign inventors, the most important is the Convention of the Paris Union for the Protection of Industrial Property, first

established in May 1883 and currently adhered to by sixty-one industrialized and under-developed countries. The most important principles underlying the Paris Union are the principle of national treatment, described in the preceding paragraph, and the right of priority, whereby a national of a member country who has filed a patent application in a member country of the Paris Union has a twelve-month priority over any other person for filing an application for the same invention in all other member countries of the Union.

C. Government Regulation of Patent Uses

There is an extensive range of national legislation directed against practices that are considered abuses of the national patent system - chiefly the non-use of patents, restrictive business practices, excessive royalties. This legislation, on the whole, applies to both the foreign and the domestic owners of the abused patents, although the legislation dealing with the non-exploitation of patents was historically directed primarily toward foreign nations, while exchange controls with respect to the limitation of royalties relate exclusively to foreign patentees.

Provision for the revocation or compulsory licensing of patents which have not been commercially exploited in the country within a prescribed time after the patent has been granted is made in the patent laws both of industrial and under-developed countries. As a historical matter, this legislation was adopted because of concern over the fact that the foreign owners of inventions could, by refusing to exploit the patents covering such inventions, prevent the development of national industries which might give employment to nationals and utilize available national resources. Another important factor was the fear that foreign patentees could, by excluding other producers of the patented articles from the market, be in a position to monopolize the import of such articles into the country and thereby exact higher prices from domestic consumers.

There are still in existence, mainly in the case of some under-developed countries, statutes which provide for revocation of a patent where it has not been exploited within, usually, two years of its issuance, or where its use has been discontinued for more than two years. More recent laws, however, have favoured the less stringent remedy of compulsory licensing of patents under which anyone ready to work an unused patent may compel the patentee to issue him a licence. This trend has been aided by the Convention of the Paris Union under which patent revocation is permissible only if the granting of compulsory licences does not suffice to prevent abuses resulting from the

exercise of patent rights. In the case of the developing countries, there may be administrative advantages in a third method of automatic lapse of patents in the case of non-working beyond a certain period, since this method (unlike revocation or compulsory licensing) would not require government or private initiative to be implemented. By the automatic lapse of the patent, the public becomes possessed of the invention without any preliminary administrative or judicial action; but, on the other hand, this may impair inducement subsequently to work the invention which may be provided by the existence of the patent.

Many countries have an administrative requirement that all patentees pay annual or periodic fees, which usually increase with the age of the patent. The size of these payments is considered to be an important factor in bringing about the abandonment of unused patents.

In the case of inventions of special interest to the public welfare or security, provisions have been made in many laws to throw their use open to others than the inventor. Thus, in many countries, no patents may be issued for inventions in certain fields (especially food and medicine). In other cases, where patents are issued, provision is made in the public interest for: (a) the compulsory licensing of the patent to the Government or to any other interested party; or (b) the expropriation of the patented invention by the Government. In both cases, there arise issues relating to the compensation of the patentee and the administrative or judicial mechanics and authority for determining such compensation.

National policies differ as to the circumstances under which Governments, or persons other than the patentee or his voluntary licensee, may use patented inventions. There also exist national differences as to the nature of the public interest which justifies the compulsory licensing or expropriation of patented inventions, and as to the procedures employed in connexion therewith. The public interest deemed to justify the exclusion for patentability, compulsory licensing or expropriation of patents may relate to such diverse matters as the national defence, public health, improvements in the international balance of trade, development of special resources available in the country or general industrial development.

Many countries, mainly those which have reached a certain level of industrialization, have taken legislative, administrative or judicial action against restrictive business practices that may occur in connexion with patent licence and transfer agreements. Such agreements may include clauses prohibiting the licensee from exporting or selling in designated areas; requiring him to use only materials,

equipment, personnel supplied by the patentee ("tie-in" clauses); fixing the resale prices of wholesalers and retailers and, in some cases, of the manufacturing licensee himself limiting his output; and compelling him to pay royalties for unused patents "compulsory package" licences. For some cases (e.g., tie-in clauses), legislation of this type is part of the national patent law, but more usually it constitutes part of the general anti-trust legislation of the country. Since business restrictions of this kind are considered against public policy, it is immaterial whether they appear in patent or in general business agreements, and since, moreover, the effective enforcement of policies against restrictive business practices requires a larger number of trained specialists with adequate investigative powers and appropriate legal sanctions, legislation of a general nature would appear to be a more efficient method of coping with this problem than legislation that is part of the patent law and adds to the duties of a Patent Office.

National Governments have sought to cope with the problem of restrictive business practices in international patent licence agreements by taking legal action against abuses - at home or abroad - of patents issued by them, or by adhering to treaties dealing with restrictive business practices in international trade. There are at present two multi-lateral treaties in effect which establish supranational programmes for the prevention and control of restrictive business practices. These are the Paris Treaty of 1951 establishing the European Coal and Steel Community, and the Rome Treaty of 1957 establishing the European Economic Community, both concluded by Belgium, the Federal Republic of Germany, France, Italy, Luxembourg and the Netherlands.

In many countries, the terms and conditions of patent assignment or licence agreements with foreign patentees are generally subject to governmental review, chiefly from the point of view of their probable effect on domestic private and public interests. One area of potential abuse by a foreign patentee is the charging of an excessively high royalty or fee. For this reason, Government review of the terms of agreements between foreign patentees and domestic licensees or assignees is exercised chiefly with a view to the reasonableness of royalties and the transfer abroad of royalty payments. (See the following section, for a discussion of the economic aspects of this issue.)

D. Economic Effects of Patents

In the development of under-developed countries, the transfer of technology is only one of several essential elements taking its place alongside such other factors as financing, trade and the development of human and natural resources, as well as the development of a country's indigenous technological resources. Within the purview of this factor of the transfer of technology, itself, moreover, the role of patents is limited by the fact that patented knowledge is only a part of the total technological knowledge which should and does flow to under-developed countries. This is so partly because much of the technology required by these countries is not at that latest stage of technological advance which is covered by patents. Partly, it is because the under-developed countries lack so much in general know-how and management experience, that the knowledge covered by patents alone is usually not sufficient for the introduction of new products and processes.

On the other hand, the significance of patents for, and their impact on, under-developed countries may transcend the field of transfer of technology. The patent system will affect under-developed countries also via the import of commodities which are patented products or incorporate patented processes in their production. Finally, the patent system has a relation, not only to the transfer of technology but also to its creation, to the extent to which patents issued to national and resident inventors may promote the development of an indigenous technology.

As regards foreign patentees, the situation where the national enterprise in the under-developed country will be able to produce the product or work the process covered by the patent without any technical, managerial or financial co-operation from the foreign patentee, or from other foreign sources, is quite exceptional especially in the least developed countries. This is particularly so, in view of the fact that commonly the operation and application of new inventions is not feasible without the benefit of the relevant unpatented technological know-how embodied in formulae, processes and blue-prints, trade secrets, etc.

Probably the most frequent case in practice will be the one where the national producer in the under-developed country would seek recourse to the technical support and other resources of the foreign patentee. This may be so either because these are not obtainable elsewhere or because the national producer does not have the ability to select and combine the different technological and financial factors needed, without the patentee's help. If the domestic enterprise wants

to use the foreign patentee's technological and management know-how or capital, and cannot obtain these as readily anywhere else, the foreign patentee will look for assurances of a safe and profitable situation. Patent protection in the developing country may or may not have a high place among these profitable conditions or guarantees which he expects. In any case, the fact is that patent protection is actually asked for and expected in a large number of situations, and quite apart from its actual economic significance it may be of psychological importance for the foreign patentee-investor.

However, the terms and conditions of licensing agreements are legitimately a subject for the concern and control by the Governments of under-developed countries. Of particular concern to them are undue financial sacrifices exacted from the national licensee resulting in balance of payments burdens, and other unduly restrictive features of licensing agreements which diminish the benefits of introducing the patented innovation in the under-developed country.

There are difficulties in determining what is an excessive balance of payment burden, and the necessary information cannot be obtained from the available statistics. Moreover, the actual burden which royalty payments to foreigners impose on a country cannot be measured in balance of payment terms alone, but must also be evaluated in terms of the contribution that the technology in question makes to the development of a particular industry within the country and the long-run contribution that it makes to decreasing the country's dependence on foreign imports and increasing its exports of the product in question.

Undue financial sacrifices may appear not only in the form of excessive royalties, but also in excessive prices paid for materials or components or for the services of technicians obtained from the patentee, or an undue share of profits or an undue amount of equity transferred to the patentee in return for the use of his patent or for his technical services, unduly high management fees, etc. It will be seen that the financial terms of these agreements are highly complex and their effective control calls for considerable administrative resources and flexibility.

The handicaps and possible abuses from which under-developed countries may thus suffer in connexion with patent licensing, are basically due to the monopoly of technical knowledge, management knowledge, capital resources and marketing access enjoyed by the firms and economies of the more advanced countries, rather than to the existence of patents as such. The basic problem to tackle for the

international community is the one-sided relationship under which the possession of know-how and capital resources are so unequally distributed. The balance of payments burdens resulting from this one-sided relationship are heavy and take many different forms. They have never been fully appreciated, or even properly measured, as compared with the burdens of adverse terms of visible commodity trade of under-developed countries.

Although the burden of the patent system is most readily apparent in the form of the heavy payments which are made for licensing fees and royalties or profit transfers to foreign patentees, yet frequently a serious burden of the patent system may lie in precisely the opposite form, namely those patents which are not being utilized within an under-developed country, although they could be used advantageously in its productive economy. This burden is not measured by the volume of fees and royalties: since the patents are not in fact worked, no fees and royalties are paid. The true burden here lies in the absence of the social and economic benefits which the working of the patented product or process could have meant to the under-developed country and in the inability of the under-developed country to utilize its resources in the fullest and best possible way, in consequence of the non-working of the patent.

Where, however, the patent could not be economically worked in the country, the burden may result from the higher prices which may have to be paid for the importation of the patented products, as a result of the monopoly position gained by the inventor through the grant of the domestic patent. This, however, will be the case only in so far as the price of the imported product is not already controlled by the patent or market situation in the developed countries from which the product could be obtained. Conversely even the grant of a domestic patent will not give the inventor a monopoly position in the local market in the case of interchangeable products which are typically manufactured by competing suppliers, each of whom has his own set of patents on processes, components, etc.

In any case, the effect of higher prices specifically due to patent protection is almost impossible to disentangle from higher prices due to such factors as exclusive know-how, trade secrets, restrictive practices, or the dominant market position of the supplier, all of which are intrinsically unrelated to the patent system. Since patents are thus only one of the factors which may bring about higher prices, the question arises whether measures directly affecting price levels or general anti-trust legislation are not an economically more effective and administratively more feasible technique of coping with the problem, than legislation devoted specifically to the patent system.

The importance of stimulating indigenous innovation and pioneering applications of new technology in under-developed countries at reasonable cost is undoubted. Even though it may be true and inevitable that the bulk of the improved technology applied in under-developed countries will be taken from the stock of technological knowledge existing and being created elsewhere in the world (and will thus be transferred rather than newly created), yet this transferred technology will often have to be specifically adapted and adjusted to special local needs and circumstances. The encouragement of national and resident inventors and innovators in under-developed countries is particularly important because of the manifold special risks which attend investment in under-developed countries in any case. In so far as patent grants provide encouragement and protection, they may serve in some measure as an offset to the many risks that national innovators are running and the handicaps they are facing, compared with their counterparts in the industrially more advanced countries.

E. Conclusions

The analysis presented in this report covers the economic, legal and technical implications of the patent system for the economies of under-developed countries. The basis position from which the problem has been approached was that of the United Nations, i.e. that the economic progress of the under-developed countries is a matter of concern not only to themselves, but also to the world community at large, and that - as stated in General Assembly resolution 1713 (XVI) - "access to knowledge and experience in the field of applied science and technology is essential to accelerate the economic development of under-developed countries and to enlarge the over-all productivity of their economies".

The issues of patents to nationals and residents is one - though not the only - method at the disposal of Governments of under-developed countries for encouraging and rewarding invention and technical progress. The establishment of patent systems in under-developed countries for nationals and residents, moreover, raises no specific problems, subject to the possible need for technical assistance or pooling arrangements in administering such systems, and the general importance of conserving the scarce scientific manpower for directly productive tasks. In this direction, non-examination systems of patent issue may recommend themselves especially to under-developed countries. The possibility of utilizing international resources for the purpose of examination of patent applications from under-developed countries also clearly suggests itself.

The real issues revolve around the position of the foreign patentee - and it is with these that resolution 1713 (XVI) on the role of patents in the transfer of technology to under-developed countries is concerned. Where a patent granted to a foreign national is not worked in the under-developed country, there may result artificially high prices of the patented article when imported into the under-developed country, but such high prices may be the result of other factors than the exclusionary monopoly given the patentee. The patent system may thus be an element in the over-all picture of adverse terms of trade for under-developed countries, but its impact is not separably measurable. In this context, it has nothing to do with the balance of payments burden of royalties since no royalties are paid where the patented product is not locally produced. The situation may be eased from the point of view of under-developed countries if the more developed countries operate - as some often do - the patent system in a context of general (especially anti-trust) legislation which serves to reduce or counteract possible misuses of the system for restrictive or price-raising purposes, not only at home but also on operations abroad. The under-developed countries are also in a position to adopt, and many have in fact adopted, measure to control unreasonable prices and other abuses of the patent system.

Where the patented product or process should be advantageously introduced into the economy of under-developed countries, a number of issues arise. The case where this can be done without the technical co-operation or other resources is the foreign patentee or any other source outside the under-developed country is in practice exceptional; where such a case exists, provisions for compulsory working or licensing will deal with the situation if fairly and effectively administered. This will also be the case where the patent can be worked with such additional foreign know-how and resources as can be acquired from third parties or in the open market. The best course of action by the under-developed country will depend on whether it prefers the patentee to come and work his invention himself (possibly in a joint venture with local enterprise) - provided he is willing to do so on acceptable conditions - or whether it prefers the invention to be worked wholly by nationals. There may be sound economic reasons for either preference in given cases. In spheres of production vital to the national interest and the development of special resources, or to public health, limitations on patentability, or provision for limiting the scope of the patent grant by special working or compulsory licensing in the public interest are natural, as is evidenced by the inclusion of such limitations on the legislation of many countries.

Where the technical services, management experience and perhaps capital resources as well as other connexions of the foreign patentee himself are essential for the introduction of the patented process in the under-developed country, and cannot be procured elsewhere, his minimum terms and conditions will have to be met in one form or other if it is decided to bring the innovation to the under-developed country. In so far as this can be described as a one-sided relationship and may express itself in undue balance of payments burdens on the under-developed country (or else in undue delays in introducing the new technology), such results are not attributable to the patent system as such, nor is the resulting burden properly measured by the patent royalties.

The Governments of the developing countries have a legitimate interest in preventing excessive exploitation of their one-sided technological and financial dependence. One such possible method is the screening and control of licence agreements, and avoidance of unduly restrictive features. The world community and the Governments of more developed countries can assist by inducing patentees not to be unduly restrictive in the conditions and terms on which they are willing to spread technology into under-developed countries; a variety of policy measures ranging from domestic compensation of patentees, provision of international funds for this purpose, equivalent investment guarantees and legislation against restrictive practices applying to business operations abroad, could be used for this purpose.

In its final paragraph, resolution 1713 (XVI) raises the question of the "advisability of holding an international conference in order to examine the problems regarding the granting, protection and use of patents". No views on this question have been expressed by any Governments in their replies to the Secretary-General's inquiry. In fact, as pointed out in the report, the problems arising in connexion with the transfer of technology to developing countries, go much beyond the operation of national patent systems or the conduct of international patent relations, so that a Conference such as that contemplated in the resolution could only deal with part of the issues. More could be done through the adoption at the national level of appropriate legislative and administrative measures along the lines discussed in the Report.

In the final analysis, the question of patents can be best seen in the broader context of facilitating the transfer of technology, patented and unpatented, to the developing countries, and enhancing the ability of the latter to adapt and use such foreign technology in the implementation of their development programmes. This may be considered as falling within the scope of inquiry of the Advisory Committee on the Application of Science and Technology to Development, established by Economic and Social Council resolution 980 A (XXXVI), to whose attention the analysis presented in this Report may usefully be drawn.

BIRPI

UNITED INTERNATIONAL BUREAU
FOR THE PROTECTION OF INTELLECTUAL PROPERTY
GENEVA, SWITZERLAND

COMMITTEE OF EXPERTS TO STUDY A MODEL LAW FOR DEVELOPING COUNTRIES ON INVENTIONS AND TECHNICAL KNOW-HOW

~~CONFIDENTIAL~~
(Geneva, October 19 to 23, 1964)

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

UNCTAD Recommendation

1. The United Nations Conference on Trade and Development adopted a recommendation in May 1964 on the transfer of technology to developing countries. The number of this Recommendation is A.IV.26, and its full text is reproduced on page 11 of document PJ/34/4.

2. The Recommendation consists of four paragraphs: the first is addressed to developed countries, the second to developing countries, and the third and fourth to international organizations:

(a) As to developed countries, the Recommendation invites them to "encourage the holders of patented and non-patented technology to facilitate the transfer of licences, know-how, technical documentation and new technology in general to developing countries, including the financing of the procurement of licences and related technology on favourable terms."

(b) As to developing countries, the Recommendation invites them to "undertake appropriate legislative and administrative measures in the field of industrial technology."

(c) As to international organizations, the Recommendation invites their action in two fields, namely legislation and information. In the first field, it is recommended that "competent international bodies, including United Nations bodies and the Bureau of the International Union for the Protection of Industrial Property [BIRPI], should explore the possibilities for adaptation of legislation concerning the transfer of industrial technology to developing countries, including the possibility of concluding appropriate international agreements in this field." In the second field - that of information - it is recommended that "additional facilities for information on, and for the transfer of, technical documentation and know-how should be organized within the framework of the United Nations in consultation with the appropriate international organizations."

ECOSOC Resolution

3. In July 1964, the Economic and Social Council of the United Nations adopted a resolution on the role of patents in the transfer of technology to developing countries. The number of this Resolution is 1013 (XXXVII); its full text is reproduced on pages 9 and 10 of document PJ/34/4.

4. The Resolution contains three operative paragraphs. The second paragraph deals with cooperative arrangements between the United Nations and other international bodies. In this connection, a working agreement was concluded in September 1964 between the United Nations and BIRPI. The third operative paragraph deals with the submission, for action, of the report of the Secretary-General of the United Nations to the 1964 session of the General Assembly of the United Nations. The summary and conclusions of this report are reproduced on pages 12 to 23 of document PJ/34/4.

5. Operative paragraph (1) of the Resolution is addressed to the Secretary-General of the United Nations and, generally paralleling the UNCTAD Recommendation referred to above, invites action in two fields: legislation and information.

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(a) In the first field, the Resolution requests the Secretary-General of the United Nations "to explore possibilities for adaptation of legislation concerning the transfer of industrial technology to developing countries, generally and in co-operation with the competent international bodies, including United Nations bodies and the Bureau of the International Union for the Protection of Industrial Property."

(b) In the second field - that of information - the Resolution requests the Secretary-General of the United Nations "to provide additional facilities for information on, and for the transfer of, technical documentation and know-how to the developing countries."

Role of the Committee of Experts

6. The present Committee of Experts is expected to devote its major attention to the legislative and administrative measures referred to in paragraphs 2(b) and 5(a) above, as it will consider the draft model law destined to serve the needs of developing countries. However, the Committee may wish to consider also the other relevant aspects of the UNCTAD Recommendation and the ECOSOC Resolution. It may, in particular, express its views on the ways and means by which some of the other plans contained in the UNCTAD Recommendation and the ECOSOC Resolution might best, in its opinion, be carried out. Should the Committee consider these questions and arrive at some conclusions, the latter will be communicated to the competent organs of BIRPI and, if appropriate, to the United Nations.

BIRPI

BUREAUX INTERNATIONAUX RÉUNIS
POUR LA PROTECTION DE LA PROPRIÉTÉ INTELLECTUELLE
GENÈVE, SUISSE

COMITÉ D'EXPERTS POUR L'ÉTUDE D'UNE LOI-TYPE POUR LES PAYS EN VOIE DE DÉVELOPPEMENT CONCERNANT LES INVENTIONS ET LES PERFECTIONNEMENTS TECHNIQUES

(Genève, 19-23 octobre 1964)

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BIRPI

BUREAUX INTERNATIONAUX RÉUNIS
POUR LA PROTECTION DE LA PROPRIÉTÉ INTELLECTUELLE
GENÈVE, SUISSE

COMITÉ D'EXPERTS POUR L'ÉTUDE D'UNE LOI-TYPE POUR LES PAYS EN VOIE DE DÉVELOPPEMENT CONCERNANT LES INVENTIONS ET LES PERFECTIONNEMENTS TECHNIQUES

~~(Genève, 19-23 octobre 1964)~~
(Genève, 19-23 octobre 1964)

LISTE PROVISOIRE DES PARTICIPANTS

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BIRPI

UNITED INTERNATIONAL BUREAU
FOR THE PROTECTION OF INTELLECTUAL PROPERTY
GENEVA, SWITZERLAND

COMMITTEE OF EXPERTS TO STUDY A MODEL LAW FOR DEVELOPING COUNTRIES ON INVENTIONS AND TECHNICAL KNOW-HOW

(Geneva, November 2 to 6, 1964)

DRAFT RECOMMENDATION

submitted by
the Chairman and Vice-Chairmen of the Committee

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 the United Nations and other international intergovernmental and non-governmental organisations, 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 Organisations in June 1964,

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page 2

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 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 organisations invited to the meeting.

Recommends that BIRPI should keep in touch with the Governments of developing countries and with all international organisations, 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 plays in the industrialization of developing countries;
- (iii) assistance in training qualified personnel to administer industrial property legislation;
- (iv) assistance in the established and efficient running of national or regional industrial property offices.

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page 3

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.

BIRPI

UNITED INTERNATIONAL BUREAU
FOR THE PROTECTION OF INTELLECTUAL PROPERTY
GENEVA, SWITZERLAND

COMMITTEE OF EXPERTS TO STUDY A MODEL LAW FOR DEVELOPING COUNTRIES ON INVENTIONS AND TECHNICAL KNOW-HOW

~~(Geneva, November 2 to 6, 1964)~~

(Geneva, October 19 to 23, 1964)

NOTE

The Committee of Experts to Study Industrial Property Problems of Industrially Less Developed Countries, convened by BIRPI, which met from October 21 to 23, 1963, at Geneva, unanimously recommended "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" (Report of the Committee, published in Industrial Property, 1963, p. 234). With the authorization of the competent organs of BIRPI, a draft model law and an accompanying explanatory statement were, in due course, prepared by BIRPI, and submitted for examination and advice to a committee of experts bearing the title "Committee of Experts on a Draft Model Law for Developing Countries on the Protection of Inventions and Technical Know-How". This Committee met, on the convocation of BIRPI, from October 19 to 23, 1964, in Geneva. It consisted of representatives of developing countries only. However, in June 1964, BIRPI communicated, for possible comments, the texts of the draft model law and explanatory statement to those countries Members of the International Union for the Protection of Industrial Property (Paris Union) which, not being "developing countries" in the sense given to this expression in United Nations circles, were not invited to the Committee. The

Governments of some of these countries availed themselves of this opportunity to make comments. The same texts were also communicated, for comments, to the United Nations and six other international organizations which were all represented at the meeting of the Committee as observers, and which took an active part in the discussions of the Committee. The names of these organizations appear in the list of participants (Annex II).

The countries represented at the meeting were the following: Algeria, Argentina, Ceylon, Chile, Colombia, Dominican Republic, El Salvador, Haiti, India, Indonesia, Iran, Israel, Kenya, Mexico, Nicaragua, Nigeria, Sierre Leone, Sudan, Tanganyika & Zanzibar, Thailand, Uganda, Venezuela.

The Committee worked under the chairmanship of Mr. E. M. Peltzer (Argentina). The three elected Vice-Chairmen were: Mr. A. Jogarao (India), Mr. B. Bendris (Algeria) and Mr. D. Macaulay (Sierra Leone).

The Committee examined, article by article, the draft model law. It expressed its views on possible improvements in both the draft law and the explanatory statement both of which, on the basis of this advice, are being reviewed by BIRPI. The new texts will probably be available early in 1965.

At the conclusion of its work, the Committee unanimously adopted a resolution whose full text is appended as Annex I.

The list of the participants is appended as Annex II.

RECOMMENDATION

of the Committee of Experts
to study a Model Law for Developing Countries
on Inventions and Technical Know-how

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 Bureau for the Protection of Intellectual Property (BIRPI) and composed exclusively of representatives of Governments of developing countries¹⁾

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

After having examined, together with the observers of international intergovernmental²⁾ and non-governmental³⁾ organisations, 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 Organisations 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 of

- 1) Algeria, Argentine, Ceylon, Chile, Colombia, Dominican Republic, El Salvador, Haiti, India, Indonesia, Iran, Israel, Kenya, Mexico, Nicaragua, Nigeria, Sierra Leone, Sudan, Tanganyika & Zanzibar, Thailand, Uganda, Venezuela.
- 2) United Nations, Council of Europe, International Patent Institute.
- 3) Interamerican Association for the Protection of Industrial Property, International Association for the Protection of Industrial Property, International Chamber of Commerce, International Federation of Patent Agents.

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 organisations invited to the meeting.

Recommends that BIRPI should keep in touch with the Governments of developing countries and with all international organisations, 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.

(Unanimously adopted
on October 23, 1964)

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RECOMMENDATION
of the Committee of Experts
to study a Model Law for Developing Countries
on Inventions and Technical Know-how

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 countries¹⁾

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

After having examined, together with the observers of international intergovernmental²⁾ and non-governmental³⁾ organisations, 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 Organisations 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 of

1) Algeria, Argentine, Ceylon, Chile, Colombia, Dominican Republic, El Salvador, Haiti, India, Indonesia, Iran, Israel, Kenya, Mexico, Nicaragua, Nigeria, Sierra Leone, Sudan, Tanganyika & Zanzibar, Thailand, Uganda, Venezuela.

2) United Nations, Council of Europe, International Patent Institute.

3) Interamerican Association for the Protection of Industrial Property, International Association for the Protection of Industrial Property, International Chamber of Commerce, International Federation of Patent Agents.

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 organisations invited to the meeting.

Recommends that BIRPI should keep in touch with the Governments of developing countries and with all international organisations, 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.

(Unanimously adopted
on October 23, 1964)

PJ/34/9
Original: English

(February, 1965.)

BIRPI

United International Bureaux
for the Protection of Intellectual
Property
Geneva, Switzerland

MODEL LAW

FOR DEVELOPING COUNTRIES

ON INVENTIONS AND TECHNICAL KNOWLEDGE

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MODEL LAW
FOR DEVELOPING COUNTRIES
ON INVENTIONS AND TECHNICAL KNOWLEDGE

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PART I : PATENTSSection I : General ProvisionsArticle 1

Patentable Inventions

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

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

Article 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.

Article 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.

Article 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.

Article 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 morality or public order, 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.

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Article 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.

Article 7

Rights of Foreigners

Foreigners who do not fall within the scope of the preceding Article 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.

Section II : Right to a Patent

Article 8

Right to Grant of Patent

(1) Subject to Article 10 of the present Law, 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 Articles 9 and 10 of the present Law, be deemed to be the inventor or successor in title of the inventor.

Article 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.

Article 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

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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 paragraph (2) of this Article, 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 paragraph (1) of this Article, the employee-inventor shall have a similar right if the invention is of very exceptional importance.

(4) The provisions of the preceding paragraph shall not be modified by contract.

Article 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.

Section III : Grant of Patent

Article 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, an indication of a domicile elected by him in 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; legalisation 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 Regulations.

Article 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.

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Article 14

Unity of the Invention

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

(2) Subject to the preceding paragraph, 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 methods of working of the process or processes, and claims for the product or products which result from that working, and claims for the application of such products.

Article 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, a copy of the earlier application, certified as correct by the Administration of the country where it was made.

Article 16

Payment of Fees

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

Article 17Examination of Application
as to Form

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

(2) If the provisions of Articles 12 or 16 have not been complied with, a patent shall not be granted; if the provisions of Article 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 Article 14, the applicant shall be invited by the Patent Office to file, within a period of three months, 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 Article 15.

Article 18

Grant of Patent Without Guarantee

Where the application has been made in the prescribed manner, a patent shall be granted without further preliminary examination, at the risk of the applicant, and without guarantee as to compliance with the provisions of Articles 1 to 5 and of Article 13.

Article 19

Grant and Registration of Patents
and Registration of Acts Relating Thereto

(1) A patent shall be granted by the issuance of an official copy to the patentee. This official copy of the patent shall contain its number in the order of grant; the name and address of the patentee and, where relevant, his elected domicile in the country; the dates of the application and grant, the date of the priority if stated and the number, date and country of the prior application on the basis of which the priority has been claimed; the description of the invention, the claims and the drawings, if any, relating to the description, together with 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 recorded by virtue of the present Law.

(3) The Patent Office shall record the changes of address or of elected domicile which shall be notified to it by the registered owner of the patent; any communication 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 elected domicile.

Article 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 Article 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 Regulations, 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 each patent.

Section IV : Rights Conferred by the Patent

Article 21

Nature of Rights Conferred

A patent shall confer upon its registered owner the right to preclude third parties from:

- (a) making, importing and offering for sale, selling, using, or stocking for these latter purposes, the product, the subject of the patented invention;
- (b) applying the process, the subject of the patented invention, importing and offering for sale, selling, using, or stocking for these latter purposes, the product obtained directly by means of the patented process, provided that the product is not a plant variety or an animal breed.

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Article 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.

Article 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 put on the market of 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.

Article 24

Rights Derived from Prior Manufacture
or Use

Any person who, in the country, at the time of the application for a patent 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 patented 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. This

right is only transferable with the undertaking which is the owner of the right.

Section V : Duration of Patent and Fees

Article 25

(1) A patent shall expire at the end of the twentieth year from the date of filing of the application, subject to the payment of the annual fees fixed by the Regulations and subject to Articles 46 to 48.

(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 Regulations.

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

Section VI : Assignment and Transfer of Patent Applications and Patents and Joint Registered Owners of Patents

Article 26

Assignment and Transfer of Patent Applications and Patents

(1) Patent applications and patents may be assigned inter vivos 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 inter vivos or transfers by succession of patent applications and patents shall be registered in the Patent Office on payment of a fee fixed by the

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Regulations; assignments inter vivos or transfers by succession shall have no effect against third parties until after such registration.

Article 27

Joint Registered Owners of a Patent

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

Section VII : Contractual Licenses

Article 28

License Contracts

(1) The applicant for or registered 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 Regulations; the license shall have no effect against third parties until after such registration.

Article 29Right of Licensor to Grant
Further Licenses

In the absence of any provision to the contrary in the license contract, the grant of a license shall not exclude the right to grant licenses to other persons to exploit the same invention, nor the right to exploit the same invention by the registered owner of the patent.

Article 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 in its entirety and for the whole duration of the patent.

Article 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, even in the form of a sub-license.

Article 32License 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,

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shall require the approval of taking into account the needs of the country and its economic development.

Article 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 exclusive 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.

Section VIII : Compulsory Licenses

Article 34

Compulsory License for Non-Working or Insufficient Working

(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 Article 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 paragraph (3) of the present Article;
- (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 within the country is unfairly and substantially prejudiced.

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

(3) Working of a patented invention under this Article 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.

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(4) The compulsory license shall permit the licensee to perform the acts referred to in Article 21 of the present Law with the exception of importation.

Article 35

Compulsory License for Products and Processes Declared to be of Vital Importance for the Defence or Economy of the Country or for the 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 the public health, compulsory licenses may be granted, in the conditions provided for in Article 34, even before the expiration of the period mentioned in paragraph (1) of that Article and even for importation into the country.

Article 36

Compulsory Licenses Based Upon Inter-Dependence of Patents

(1) If an invention protected by a patent within the country cannot be worked without infringing rights deriving from an earlier patent, a compulsory license may, upon application, be granted under the conditions specified in Article 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.

Article 37

Refusal of Contractual License

Any person who applies for a compulsory license under Articles 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.

Article 38

Guarantee Required from Applicant for a Compulsory License

In the cases provided for in Articles 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.

Article 39

Scope of Compulsory License

(1) Compulsory licenses shall be non-exclusive.

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

Article 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.

Article 41

Transfer of Compulsory License

(1) A compulsory license shall not be transferred, even in the form of the grant of a sub-license, except with the portion of the undertaking using the license.

(2) Any such transfer shall, on pain of invalidity, be submitted for authorization to the authority which granted the license; Articles 42 and 44 shall be applicable.

Article 42Registration 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 after such registration.

Article 43Amendment 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 favourable to the licensee.

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

Article 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) If the Court grants the compulsory license, it shall fix the terms thereof, and, in the absence of agreement between the parties, the amount of royalties payable to the registered owner of the patent.

(4) The terms of a compulsory license, including those relating to royalties, shall be considered to constitute a valid contract between the parties.

(5) 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.

Section IX : Licenses of Right

Article 45

(1) Any applicant for or registered owner of a patent may apply to the Patent Office to have, in respect of his patent, the mention "licenses of right" entered in the register; this fact shall be published by the Patent Office as soon as possible.

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

(3) The amount of fees and annual fees payable in respect of patents shall be reduced by one half in the case of any patent in respect of which the mention "licenses of right" has been entered in the register.

(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 Articles 28(3), 29, 30, 31, 32 and 33 shall be applicable equally to licenses of right.

Section X : Surrender and NullityArticle 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.
- (4) If a contractual license 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 registration of such surrender.

Article 47

Nullity of Patent

- (1) Any person or competent authority may apply to the Court to declare a patent null and void:
 - (a) if the subject-matter of the patent was not patentable within the terms of Articles 1 to 5 of the present Law;
 - (b) if the description of the invention or the claim or claims in the patent do not satisfy the requirements of Article 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.

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(2) If the provisions of the preceding paragraph 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.

Article 48

Effects of Declaration of Nullity

(1) A patent declared to be null and void shall be deemed to have been null and void from its commencement. However, in the case of a license, the nullity shall not require the repayment of royalties received by the registered owner of the patent from the licensee, provided that the latter 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.

Section XI : Infringement of Rights Under the PatentArticle 49

Civil Sanctions

(1) A registered owner of a patent whose rights under Articles 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 sanction provided for in the civil law.

Article 50

Penal Sanctions

(1) Any intentional infringement of the rights of a registered owner of a patent under Articles 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.

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Article 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 deemed to have been manufactured by that process.

Article 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 KNOWLEDGE

Article 53

Conditions of Protection of
Technical Knowledge

(1) Subject to any right conferred by patents in force and the provisions of paragraph (2) of the present Article, 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.

Article 54

Unlawful Acts

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

Article 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.

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Article 56

Transfers and Licenses

(1) The processes and knowledge referred to in both paragraphs of Article 53 may be transferred and may form the subject of a license contract.

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

Article 57

Legal Proceedings

Articles 49 and 50 of the present Law shall be applicable by analogy to the unlawful acts referred to in Article 54.

PART III PROCEDURAL PROVISIONS AND REGULATIONS

Article 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 knowledge.

(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 established, shall be competent.

Article 59

Regulations

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

ANNEX A : INVENTORS' CERTIFICATESArticle 1 (alternative)Grants of Patents or Inventors'
Certificates

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

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

Section XII : Inventors' CertificatesArticle I

Grant of Inventors' Certificates

(1) Articles 2 to 15 and 17 to 20 of the present Law shall be applicable by analogy to the grant of inventors' certificates.

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

Article 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 organisations, and to exploit it to the extent possible.

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

Article III

Obligations and Rights of the Holder

(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.

Article IV

Compensation to the Holder

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

Article 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

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contributed an inventive activity, shall 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 paragraph (1) above.

Article VI

Applicability of Other Provisions

Articles 24, 26, 46 (with the exception of paragraph (4)), 47, 48 and 58 of the present Law shall be applicable by analogy to inventors' certificates.

ANNEX B : PATENTS OF INTRODUCTION

Section XIII (or XII) : Patents of Introduction

Article I

Grant of Patents of Introduction

For any invention, the subject of a patent in force in another country, a patent of introduction may be granted to the registered owner of the foreign patent provided that the product, the subject of the patent, has not been manufactured or sold in the country or that the process, the subject of the patent, has not been applied there.

Article II

Applicability of Other Provisions

Articles 1(2), 3 to 7, 11 to 14, 16 to 24, 26 to 44, 46, 49 to 52 and 58 of the present Law shall be applicable to patents of introduction with the following amendments and additions:

- (a) in addition to the provisions of Article 12 of the present Law, the applicant for a patent of introduction shall also indicate in his application the number, date and country of grant of the foreign patent which forms the basis of the application, and, within a period to be fixed by the Regulations, produce a copy of the said patent;
- (b) the registered owner of a patent of introduction, while retaining his right to exclude importation, shall not have the right to import, or cause to be imported, the product, the subject of the patent or ~~or~~ a direct result of the carrying out of a patented process, with the exception of model or prototype products not intended for sale.

Article IIIDuration of Patents of Introduction
and Fees

- (1) A patent of introduction shall expire, subject to Articles II and IV, at the end of the tenth year from the date of the filing of the application, subject to the payment of annual fees fixed by the Regulations.

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(2) Article 25(2) and (3) of the Law shall be applicable to patents of introduction.

Article IV

Nullity of Patent of Introduction

(1) Any person or competent authority may apply to the Court to declare a patent of introduction null and void:

- (a) if the subject-matter of the patent was not patentable within the terms of Article 1(2) or Articles 3 to 5 of the Law;
- (b) if the description of the invention or claim or claims in the patent do not satisfy the requirements of Article 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 foreign patent on which the patent of introduction is based has been declared null and void, or has expired, before the date of the grant of the patent of introduction;
- (e) 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;
- (f) if the registered owner of the patent of introduction infringes the provisions of Article II(b).

(2) Articles 47(2) and 48 are applicable to patents of introduction.

BIRPI

UNITED INTERNATIONAL BUREAU
FOR THE PROTECTION OF INTELLECTUAL PROPERTY
GENEVA, SWITZERLAND

COMMITTEE OF EXPERTS TO STUDY A MODEL LAW FOR DEVELOPING COUNTRIES ON INVENTIONS AND TECHNICAL KNOW-HOW

(Geneva, October 19 to 23, 1964)

D R A F T

S U M M A R Y R E C O R D S

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SUMMARY RECORDSFirst MeetingOctober 19, 1964: MorningITEM 1 OF THE AGENDA: OPENING OF THE MEETING BY
PROF. G.H.C. BODENHAUSEN, DIRECTOR OF BIRPI

O.01 The DIRECTOR of BIRPI, Professor G.H.C. Bodenhausen, opened the meeting with the following address:

"Ladies and Gentlemen,

The technical assistance which might, and indeed must, be given to developing countries is one of the most important tasks of our era, particularly as far as international organizations are concerned.

Questions concerning the transfer of technology, inventions and know-how are only some of the many problems that developing countries have to resolve. Still, Governments consider them to be questions of great importance, as demonstrated not only by the governing bodies of BIRPI but also by the recently adopted resolutions of several bodies of the United Nations.

In this connection I would like to extend a particularly cordial welcome to the observers of the United Nations. The United Nations Secretariat has drawn up a truly remarkable report on the role of patents in the transfer of technology to developing countries. This report is one of the main causes and factors of the program of the present meeting. We are pleased to be able to continue our close cooperation with the United Nations and hope that their distinguished representatives will participate in our future meetings as well.

May I also welcome here the observers delegated by the Council of Europe, the International Patent Institute, the Inter-American Association of Industrial Property, the International Association for the Protection of Industrial Property, the International Chamber of Commerce, and the International Federation of Patent Agents.

The representatives of these international organizations are recognized specialists in industrial property matters and their participation in our discussions will doubtless be of great value for the success of our work.

But, of course, what we appreciate primarily is the presence of the experts officially delegated by their Governments. The main burden of the work to be carried out here rests on their shoulders. We thank them for coming, welcome them here, and hope that they will find this meeting profitable to their countries and to themselves personally.

It is BIRPI's conviction that one of the most practical methods of giving legal technical assistance in the field of transfer of technology and patents to countries wishing to receive such assistance consists in working on a concrete project, that of a model law designed to facilitate the transfer of technology to developing countries.

We are fully aware of the fact that the countries represented here are at very different levels of economic development, that their legal concepts and traditions differ considerably from each other, and that their interest in these matters is very different too.

This circumstance, however, may prove to be useful in your work, as the experience of some countries may inspire solutions in others.

In any case, should the discussions prove it to be desirable, we might propose the constitution of sub-groups on a regional or other basis to study specific questions. As some of you know, we had last year an African Seminar in Brazzaville, this year we held a Latin-American meeting in Bogota, and next year we plan to have an Asian Seminar somewhere in Asia. So, as you see, we are aware of the different needs of the different regions, and, inside the regions, of the different countries; and in the future, as in the past, we will do our best to take full account of such differences.

The main task of this meeting is to examine and comment upon the draft model law that we have prepared as a working document. When we start examining it I shall make some more detailed comments on it but would like to stress two particular points here because they seem to be important:

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First, I wish to stress that a model law is not a uniform law. We do not propose that your countries adopt a patent law as it appears in the draft. All we are doing is to offer an example of what a law might look like. It is merely a starting point, designed to facilitate the consideration of the various questions legislators should have in mind. The draft can and should be amended by each country, sovereignly, as required by its own needs. Of course, if a country does not want to have a patent law at all, it is also free to choose this solution. But, such a question is outside the scope of this meeting.

Second, I wish to stress that the fact that the draft provides for a system in which patents are granted without preliminary examination should not be interpreted as a rejection of the examination system. A system with examination is, from a legal and technical viewpoint, more advanced than a system without examination. Some of the countries represented here have, and have had for many decades, an examination system. We are far from recommending that they should abandon it. The only reason for which the draft does not provide for examination is a practical one: most developing countries would probably find it easier and cheaper not to have examination. But if they can afford it, this is a point on which departure from the draft is perfectly in order.

It goes without saying that this meeting is both too short in time and too big, as far as the number of participants is concerned, to assume the role of a legislative drafting committee. What we hope this Committee will do is that it will formulate some observations on the draft. The comments or suggestions of each of you will be recorded in the summary minutes of the meeting. On the basis of the comments of the Committee, or at least of the majority view prevailing in the Committee, BIRPI will, after the meeting, establish a new draft and a new explanatory statement which will faithfully reflect such views.

What, if anything, the interested countries will do with the modified model law is naturally a question which each of them will sovereignly decide for itself. BIRPI's sole aim and hope in this operation is that a draft will emerge which may be useful as a basis for national legislation or its reform."

ITEM 2 OF THE AGENDA:
ELECTION OF THE OFFICERS OF THE MEETING

0.02 The DIRECTOR of BIRPI asked for proposals for filling the Offices of Chairman and three Vice-Chairmen.

0.03 Mr. SELLAYAH (Ceylon) proposed that Mr. Peltzer (Argentina) be elected Chairman and Mr. Jogarao (India), Mr. Macaulay (Sierra Leone) and Mr. Bendris (Algeria) be elected Vice-Chairmen.

0.04 Mr. LARRAGUIBEL (Chile) seconded the proposal made by the previous speaker.

0.05 The proposal was adopted by acclamation.

0.06 The CHAIRMAN (Mr. Peltzer, Argentina) thanked the Experts for their confidence and decision. He asked the Representatives of the United Nations whether they wished to make a general declaration.

0.07 Mr. LACHMANN (United Nations), after having congratulated the Officers on their election, called the attention of the Experts to the note prepared by the United Nations Secretariat for this meeting (document PJ/34/4) and the report of the same Secretariat on the role of patents in the transfer of technology to developing countries. The Secretariat as well as various bodies of the United Nations were fully aware of the importance of the question of patents in the technological development of countries. Solutions would necessarily have to vary from country to country. Still, the Committee could perform very useful work by outlining the legal mechanisms and various possible solutions. The representatives of the United Nations would follow with great interest the discussions of the present Committee and wished it success in its work.

ITEM 3 OF THE AGENDA. CONSIDERATION OF THE DRAFT
MODEL LAW ON INVENTIONS AND TECHNICAL KNOW-HOW

0.08 The DIRECTOR introduced document PJ/34/2 containing a draft model law on inventions and technical know-how, and document PJ/34/3 containing a commentary on the draft.* He summarized and highlighted the main thoughts expressed in the introductory paragraphs of the Commentary.

0.09 Mr. SHER (Israel) said that he expected the Committee to make suggestions for alternative solutions for certain problems. This would allow each interested country to choose the solution best fitting its own circumstances.

* Hereinafter referred to as "the Draft" (or the "Draft Model Law") and "the Commentary," respectively.

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0.10 The DIRECTOR observed that the Draft and the Commentary already contained alternatives and the texts to be established on the basis of the discussions of the Committee would also contain alternatives.

0.11 The CHAIRMAN recalled that, as had been emphasized by the Director, the model law was only a possible basis for countries interested in adopting a new law on patents, that each country could choose among the various alternatives or could even imagine solutions not proposed in the model law which would emerge from the meeting.

Article 1 *

1.01 The DIRECTOR read and explained Article 1*, entitled "Patentable Inventions."

1.02 Miss BATCHELOR (Uganda) asked who would decide whether the application related to a discovery rather than an invention.

1.03 The DIRECTOR replied that in a system without preliminary examination the decision would be made by a court; in a system with preliminary examination, a determination would be made by the Patent Office, but this determination could be rejected by a court.

1.04 Mr. SHER (Israel) suggested that paragraph (2) be omitted as superfluous: since a discovery is distinguishable from an invention, and since the Draft provides that it protects inventions, it goes without saying that it does not protect discoveries.

1.05 Mr. TALERNGSRI (Thailand) agreed with the suggestion of the previous speaker.

1.06 Mr. JOGARAO (India) said that paragraph (2) should be retained. While perhaps not indispensable from a purely logical viewpoint, the provision was still useful because it emphasized the need for distinction between discoveries and inventions.

1.07 Mr. VILORIA (Venezuela) asked that paragraph (2) be maintained for its obvious practical usefulness.

* All references to "Articles" are references to Articles of the Draft.

1.08 Mr. MACAULAY (Sierra Leone) suggested that paragraph (2) be maintained. Its presence would serve as a reminder to applicants not to try to apply for a patent in the case of discoveries. In the vernacular the terms "discovery" and "invention" were frequently used as if they meant the same thing. Confusion could be avoided by the clear statement contained in paragraph (2). In any case, if a country wanted to omit paragraph (2), it was always free to do so.

1.09 Mr. JIMENEZ (El Salvador) said that the distinction between an invention (something concrete) and a discovery (something abstract) was useful. Consequently, paragraph (2) should be kept in the Draft.

1.10 Mr. SHER (Israel) said that a scientific discovery was frequently the basis of an invention. For example, the discovery of the magnetic poles led to the invention of the magnetic compass. Could the compass be patented?

1.11 The DIRECTOR replied in the affirmative. Paragraph (2) could be omitted if paragraph (1) said that inventions embodied in a new process or new product were patentable. But since paragraph (1) did not mention products and processes, paragraph (2) was helpful in pointing out that where there was no industrial application, there was no right to a patent.

1.12 Mr. LARRAGUIBEL (Chile) said that it was essential to maintain paragraph (2) also because it underlined that scientific discoveries could not be made the subject of monopoly.

1.13 Mr. LACHMANN (United Nations) asked whether the adaptation of existing techniques to given conditions, for example tropical conditions, could be patentable, assuming that the adaptation in itself was not a patentable invention but that, without it, the invention could not be used in the special conditions.

1.14 The DIRECTOR replied that the adaptation, to be patentable, would have to meet the three requirements laid down in paragraph (1).

1.15 Mr. LACHMANN (United Nations) said that this was a question worthy of special consideration by developing countries. Allowing local inventors to get patents for adapting the patented invention of an inventor of a developed country to local conditions would not only encourage local inventors but would also entitle them to obtain a compulsory license to use the invention of the inventor of the developed country.

1.16 Mr. SELLAYAH (Ceylon) said that paragraph (2) was doubtless useful from a practical viewpoint. It might become a "note" under paragraph (1), at least in countries where it was customary to insert, in the law itself, explanatory statements.

1.17 Mr. SHER (Israel) said that he associated himself with the observations of Mr. Lachmann. He suggested that the matter be discussed in connection with Article 3.

1.18 Mr. JOGARAO (India) asked that paragraph (2) be maintained.

1.19 Mr. VON HOLSTEIN (Council of Europe) said that, in paragraph (1), the word "may" should be replaced by "shall" and that paragraph (2) should be omitted. The underlying idea of paragraph (2) was correct, but since most patent laws did not contain a similar provision, its presence in the Draft might make people wonder whether there was a departure here from accepted principles.

1.20 Mr. TALERNGSRI (Thailand) said that he wanted to support the observations of Mr. Lachmann. For developing countries, patents of addition and patents for improvements were of great practical value since local inventors were more likely to find solutions in the field of adapting inventions to special local conditions than in the fields in which inventors of highly developed countries were active.

Article 2

2.01 The DIRECTOR read paragraph (1) dealing with the requirement of novelty. The Draft required universal novelty, i.e., that the invention must not have been disclosed anywhere in the world. Another principle, already called to his attention by a letter from Mr. Sher, would be local or national novelty, that is, the invention, to be patentable, would have to be undisclosed only in the country where a patent was applied for. This would mean that it would be much easier to get patents, particularly in underdeveloped countries. But would it be to the advantage of such countries to grant patents for inventions whose use was free in most other countries? Another question in connection with which suggestions had already been made was whether disclosure by oral description should be--as the Draft proposed it to be--destroying novelty.

2.02 Mr. SHER (Israel) said that national novelty, at least for countries in an early stage of their development, served better the interests of economic development because it encouraged local inventors.

2.03 The DIRECTOR said that the new Commentary would indicate the advantages of both systems and leave the choice between them to each country.

2.04 Mr. COWARD (Kenya) suggested that paragraph (1) should expressly state that universal novelty would be destroyed by making available to the public "anywhere and at any time."

2.05 Mr. SELLAYAH (Ceylon) expressed agreement with the latest proposal of the Director.

2.06 Mr. BENDRIS (Algeria) said that it might be best to apply local novelty in the case of local inventors, and to apply universal novelty in the case of foreign inventors.

2.07 Mr. JOGARAO (India) said that paragraph (1) should be left as proposed in the Draft. The requirement of local novelty might easily lead to abuse, as it allowed the grant of patents for mere copies of other people's inventions.

2.08 Mr. LARRAGUIBEL (Chile) said that the principle of universal novelty was more favorable even for developing countries, since local novelty might be an obstacle to international commerce, so eminently desirable for underdeveloped countries. His country's law was based on universal novelty.

2.09 Mr. KANANI (Sudan) expressed the view that national novelty would actually impede industrial development in underdeveloped countries. These countries needed foreign investment and the attraction of foreign capital was conditioned upon a broad international outlook.

2.10 Mr. MACAULAY (Sierra Leone) said that the choice between universal and local novelty should be left to each country.

2.11 Mr. LACHMANN (United Nations) said that the matter should, of course, be left to the choice of each country. He saw advantages in local novelty as it gave a premium to the introducer, into the country, of an invention which its foreign inventor had not bothered to patent in that country.

2.12 Mr. SELLAYAH (Ceylon) expressed the view that the choice be left to each country.

2.13 Mr. VILORIA (Venezuela) agreed with the latest proposal made by the Director.

2.14 Mr. BENDRIS (Algeria) said that the question was which solution would facilitate the industrialization of developing countries and the attraction of foreign capital. It should also be borne in mind that membership in the Paris Union required that the same treatment be given to foreigners and nationals.

2.15 Mr. TALERNGSRI (Thailand) said that it might be useful to differentiate between disclosure by written publication and by oral description. For the former, universal novelty might be accepted; for the latter, local novelty would seem to be preferable.

2.16 Mr. MASSALSKI (International Federation of Patent Agents) said that universal novelty was better but that certain corrections could be adopted through the system of importation patents, as known in the Spanish law.

2.17 Mr. BARREDA (Inter-American Association of Industrial Property) said that in most cases universal novelty coupled with the possibility of applying for importation patents might be the best solution for developing countries.

2.18 Mr. SHER (Israel) said that universal novelty might be acceptable for disclosure made in printed publications, but that, for use or oral disclosure, local novelty should be sufficient.

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2.19 The CHAIRMAN invited comments on the question of oral disclosure.

2.20 The DIRECTOR said that oral disclosure was relatively rare, but it did occur from time to time, particularly in the form of a scientific lecture. Proof might be difficult, but far from impossible.

2.21 The CHAIRMAN invited comments on paragraph (2).

2.22 The DIRECTOR read and explained paragraph (2) dealing with exhibitions. It was a provision required by the Paris Convention. There was no provision in the Draft on abusive disclosure since this would be a refinement which would make the Draft too complicated.

2.23 Mr. FINNISS (International Patent Institute) expressed his agreement with the entirety of Article 2 and with the Director's views on the non-inclusion of a provision on abusive disclosure.

2.24 In reply to a question by Mr. Sher (Israel), the DIRECTOR said that the official character of an exhibition would be determined by the competent State authorities of the country in which the exhibition was to be held.

Article 3

3.01 The DIRECTOR read and explained Article 3 which provided, in effect, that the invention, to be patentable, must also be non-obvious to a person skilled in the art. The French Government found that the provision should be more explicit and should state that non-obviousness should be tested as to the method, the application, the combination of methods, the product, or the industrial result. He would be willing to accept this proposal since it would make the Article clearer.

3.02 Mr. MONTES (Haiti) said that there should be a provision inserted in the Draft to the effect that an invention must, in an evident manner, modify and surpass the state of the art. Otherwise it should not be regarded as meeting the requirement of "inventive activity."

3.03 Mr. SHER (Israel) said that adaptations of inventions to local conditions might be more or less obvious and consequently would frequently not meet the requirement of inventive activity. The adoption of patents of addition might be the best solution to honor properly local inventiveness consisting of adaptations to local conditions.

3.04 Mr. MASSALSKI (International Federation of Patent Agents) suggested that what should be required was a "modification of the state of the art by enriching it," since not every enrichment was a "surpassing," as proposed by Mr. Montes.

3.05 Mr. FINNISS (International Patent Institute) said that the novel combination or the novel application of known (not new) elements frequently led to such new results which justified the granting of a patent.

3.06 Mr. SHER (Israel) asked whether the composition of known elements leading to a new result would be considered as an invention (the "mosaic theory"). Furthermore, whether new processes for obtaining well-known results would be considered as inventions.

3.07 The DIRECTOR said that patents of addition normally required as much inventive activity as basic patents; that the French proposal amounted to the denial of patents to uninventive mosaics but that the same proposal meant that new processes could be patented even if the resulting product was not new. He thought that the proposal of Mr. Montes had much in common with the French proposals and asked him to file it in writing, in which case it would be considered at the stage of drafting.

Article 4

4.01 The DIRECTOR read and explained Article 4 entitled "Industrial Application." An invention was either a product or a process. A product was susceptible of industrial application if it could be industrially manufactured or if it could be used in industry or agriculture, whereas a process was susceptible of industrial application if it could be used in industry or agriculture. This meant that agricultural products were not patentable.

- 4.02 Mr. BENDRIS (Algeria) said that the Article was clear and should be adopted as contained in the Draft.
- 4.03 Mr. LARRAGUIBEL (Chile) said that in his country food products for human or animal consumption were not patentable.
- 4.04 The CHAIRMAN said that the matter would be considered in connection with Article 5.
- 4.05 Mr. LARRAGUIBEL (Chile) agreed to this procedure.

Article 5

- 5.01 The DIRECTOR read and explained Article 5. It provided for two kinds of exceptions from patentability. Naturally, other exceptions might be added, as indicated in the Commentary. For example, foods, chemicals, drugs, could be excluded. Their exclusion, however, was not recommended because lack of protection reduced the potentiality of industrialization. Pharmaceuticals were frequently considered from an emotional angle; they should not. The choice was essentially between lower prices and encouragement of industrialization and research. Each country should weigh the relative advantages and decide the question for itself.
- 5.02 Mr. SHER (Israel) said that he was a partisan of the patentability of drugs although he would come back to the question in connection with compulsory licenses. As to the point on public order, it might be useful to provide that the grant of a patent in itself did not permit the use of the invention if the use was illegal.
- 5.03 Mr. LARRAGUIBEL (Chile) expressed the opinion that foods and drugs should not be patentable although processes for making them should be patentable.
- 5.04 Mr. LACHMANN (United Nations) said that in most developing countries there were few if any possibilities for the expensive research the invention of new drugs usually implied; consequently, for these countries, it was usually more advantageous to secure cheap drugs through importation than to provide for patent protection for drugs. The choice between patentability and non-patentability of drugs should not be mentioned only in the Commentary, but the Draft itself should contain the alternative.

5.05 Mr. FINNISS (International Patent Institute) said that it was not in the interest of national economy to deny patents to drugs, not only because such denial would stifle research, but also because the foreign manufacturers of drugs, unprotected by patents, could agree among themselves not to sell their drugs below a certain price in the importing country. It was easier for the State to control the price if the drug was patented and its patent could be subjected to a compulsory license which would compel the importation and sale of the drug at a reasonable price.

5.06 Mr. BENDRIS (Algeria) said that there should be a provision added to Article 5 to the effect that pharmaceutical and food products should be subjected to the laws and regulations of the country.

5.07 Mr. MASSALSKI (International Federation of Patent Agents) said that drugs and new plant varieties should be protected in some way: if not by ordinary patents, then at least by a special registration.

5.08 Mr. LACHMANN (United Nations) said that the suggestions of Mr. Finniss were a valid alternative to outright exclusion of drugs from patentability in the case of highly developed countries. In addition to compulsory licensing, a country could allow, for example, importation, or could allow the Government to import, as in the case of the United Kingdom, for hospital use. These various possibilities should be referred to in the revised documents of BIRPI. Administration of compulsory licenses was a heavy burden and therefore less practical for underdeveloped countries than outright exclusion of drugs from patentability, at least at an early stage of economical development.

5.09 The DIRECTOR said that it might be best, in addition to mentioning the possibility of outright exclusion from patentability of drugs and foodstuffs, to provide for the possibility of granting compulsory licenses for such products, not under the general non-working clause, but merely on the ground of the extreme importance of the matter to national economy. Such licenses could also be given for importation. The documents would mention several possibilities from which each country could choose the one which fitted best its national economic interests. As to the proposal of Mr. Sher, it would be best to leave point (b) intact, since what Mr. Sher was recommending went without saying. Public order was, of course, not uniformly interpreted in all countries but this was one of the fields in which freedom should be left to meet local habits.

5.10 Mr. LARRAGUIBEL (Chile) expressed the view that the concept of morality referred to in point (b) was sufficiently uniform in all civilized countries so as not to cause too great difficulties of interpretation.

5.11 The CHAIRMAN asked what should become of the proposal of Mr. Bendris.

5.12 The DIRECTOR replied that the suggestion of Mr. Bendris would be acceptable if the Draft were a draft convention, but as it was a draft law it was unnecessary to say that certain subjects were reserved for special legislative provisions.

5.13 Mr. BENDRIS (Algeria) said that what he meant was that a developing country might need different solutions at the various stages of its development. Consequently, special laws could provide for special solutions for drugs as the pharmaceutical industry of a given country developed.

Articles 6 and 7

6/7.01 The DIRECTOR said that Articles 6 and 7 dealt with the rights of foreigners: the first, where international conventions were applicable, and the second, in situations where there were no such conventions. Article 6 was suitable for countries in which international treaties were self-executing; in other countries, the relevant provisions of the international treaties would have to be integrated in the law, or made the subject matter of a special law. Among the treaties referred to, one should primarily think of the Paris Convention: but the Article was not limited to that Convention. Other Conventions, and in particular the Pan-American Conventions, were also covered by it. Article 7 would grant protection to foreigners, on condition of reciprocity. Of course, reciprocity was not a requirement under the Paris Convention.

6/7.02 Mr. BARREDA (Inter-American Association of Industrial Property) said that Article 6 was both unusual and unnecessary; if, according to the constitution of a given country, international conventions were self-executory, then a provision like Article 6 was superfluous because the provisions of the conventions would become part of the national law even if Article 6 did not say so. On the other hand, if the constitution of a country required that the obligations contracted under an international convention be translated into a domestic law to bind the citizens of that country, then Article 6 was insufficient. As to Article 7, the Draft should be modified by taking out the notion of reciprocity --a concept extremely difficult to interpret and apply.

6/7.03 Mr. SHER (Israel) said that it would be preferable to have the provisions concerning foreigners spelled out in the Draft itself, even when such foreigners fell under Article 6, that is, were to be protected by virtue of an international convention.

6/7.04 Mr. LARRAGUIBEL (Chile) supported the observations of Mr. Barreda asking for the elimination of the concept of reciprocity in Article 7.

6/7.05 Mr. BENDRIS (Algeria) said that both Articles 6 and 7 were necessary in the Draft although, of course, countries which were not yet parties to any international convention would have no occasion to apply Article 6.

6/7.06 Mr. SELLAYAH (Ceylon) said that every country had the right to require reciprocity in international relations and, therefore, the provision of reciprocity in Article 7 should be maintained.

6/7.07 The DIRECTOR said that the discussion had brought out once again a basic characteristic of the Draft, that is, that it was a model law rather than a uniform law. Countries which did not need Article 6 could omit it, and countries which did not believe in reciprocity could omit this requirement in Article 7. The comments would indicate the optional nature of these Articles.

6/7.08 Mr. LACHMANN (United Nations) said that whereas it was true that these as well as other provisions of the Draft were optional, whatever appeared in the Draft carried a clear implication that it was desirable. He would prefer it if the Draft proceeded from the assumption that there was normally reciprocity among countries. Consequently, the Draft should not make the protection of foreigners dependent on reciprocity in Article 7 but might provide that if the nationals of the country adopting the law did not receive sufficient protection in another country, then the first country might, by administrative order, suspend the application of this law in respect to the nationals of the second country.

6/7.09 Mr. TALERNGSRI (Thailand) asked whether the requirement of reciprocity in Article 7 related to the right of priority only or also to all features of patent law.

6/7.10 The DIRECTOR replied that the reciprocity provided for in Article 7 would be considered as existing if there was some kind of protection in the foreign country; it would not be required that the protection in the two countries be the same.

6/7.11 Mr. TALERNGSRI (Thailand) said that making patents available irrespective of the applicant's nationality, that is, irrespective of reciprocity, would better serve the interests of a developing country wishing to acquire foreign technical knowledge and know-how. Only in respect to the right of priority should reciprocity be required; in other words, a country would recognize priority rights of nationals of a foreign country only if that foreign country did the same in respect to the nationals of the first country.

6/7.12 Mr. SHER (Israel) said that he would like to have the Director's opinion on his suggestion, namely, that for the benefit of countries in which international treaties were not self-executing, the Draft should contain provisions corresponding to their obligations undertaken by virtue of an international convention.

6/7.13 The DIRECTOR replied that he agreed that for this type of country it was necessary to insert in the national law provisions corresponding to their conventional obligations.

6/7.14 Mr. LADAS (International Association for the Protection of Industrial Property and International Chamber of Commerce) said that, as a practical matter, the requirement of reciprocity should be omitted from Article 7. It was extremely difficult to compare the provisions and the effects of two different laws and formulate a convincing opinion on whether reciprocity existed.

6/7.15 Mr. BENDRIS (Algeria) said that, since in Article 6 there was an implicit reciprocity, he saw no reason why there could not be a reciprocity in Article 7.

6/7.16 The DIRECTOR said that the discussion convinced him that the requirement of reciprocity in Article 7 should be omitted. There would still subsist a difference between Articles 6 and 7 because in Article 6 were also implied the minimum provisions of international treaties, whether unilateral or multilateral.

6/7.17 Mr. SELLAYAH (Ceylon) said that even if reciprocity were to be omitted in Article 7, the faculty of each country to apply reciprocity vis-à-vis a country not giving sufficient protection to the nationals of the first country should be maintained.

6/7.18 Mr. JOGARAO (India) said that in Article 7 perhaps it would be sufficient to replace the words "subject to reciprocity" by the words "on a reciprocal basis."

6/7.19 Mr. FINNISS (International Patent Institute) said that the minimum requirements of the Paris Convention secured, in themselves, a certain degree of reciprocity. Adherence to the Paris Union would therefore seem to be the safest way for each country to protect the interests of its nationals in foreign countries. This was also true in respect to developing countries because, by virtue of the principle of national treatment in the Paris Convention, their nationals would enjoy, in a highly developed foreign country, the greater rights which that foreign country gave to its own nationals, and this notwithstanding the fact that the general level of protection might be lower in the underdeveloped countries than in the highly developed countries.

6/7.20 Mr. SELLAYAH (Ceylon) insisted on the need, for developing countries, to have the possibility of refusing protection to the nationals of countries which did not give adequate protection to their own nationals. Consequently, the Draft should expressly mention that, if a foreign country did not give sufficient protection, retaliation in the form of denial of protection was permitted.

6/7.21 Mr. BENDRIS (Algeria) said that there were many developing countries which were not yet parties to any international conventions and for these countries maintaining the possibility of reciprocity in Article 7 was essential.

6/7.22 The DIRECTOR said that it was clear that the members of the Committee were divided on the question of reciprocity under Article 7. Consequently, he would follow the compromise suggestion by Mr. Lachmann which would consist in giving national treatment to foreigners in Article 7, but provide at the same time that the competent authorities might, by order, suspend the application of Article 7 so far as it related to nationals of a country which did not grant adequate protection.

6/7.23 The CHAIRMAN noted that this last suggestion of the Director seemed to meet with general approval.

Article 8

8.01 The DIRECTOR read and explained Article 8 dealing with the question of who has the right to the grant of a patent.

8.02 Mr. SHER (Israel) proposed that the Draft should provide that in countries which adopted the system of local novelty (as opposed to universal novelty) only the inventor himself (and not also his successor in title) should have the right to apply for a patent. This would prevent people who merely copied a foreign invention from applying for a patent.

8.03 Mr. BARREDA (Inter-American Association of Industrial Property) said that, since Article 10 was, in fact, an exception to Article 8(1), it might be useful to start paragraph (1) of Article 8 with the words "Subject to the provisions of Article 10."

8.04 The DIRECTOR said that the suggestion of Mr. Barreda was a helpful one and could be followed in the revised Draft.

8.05 Mr. MASSALSKI (International Federation of Patent Agents) said that, in the case of a patent of introduction as known in the Spanish law, there was absolutely no tie between the true inventor and the applicant. This type of patent might be useful in the case of developing countries.

8.06 The DIRECTOR replied that if the notion of a patent of introduction of the Spanish kind were to be accepted it would constitute another exception to the general rule contained in Article 8. The question should be reserved until the time when introduction patents were discussed. As to the suggestion made by Mr. Sher, he was of the opinion that paragraph (3) of Article 8 constituted an irrebuttable presumption. The true inventor would not be allowed to prove that the applicant was neither an inventor nor a successor in title of the inventor and, consequently, had no right to apply for the patent. Only in case of usurpation Article 9 would apply. There were other systems in existence; for example, the interference system in the United States where two applicants for the same invention were given the possibility to prove, in a procedure before the Patent Office, which of them made the invention first and the first inventor was given the patent even if his application was later in date. This, however, was a complicated procedure not followed by most countries and certainly not recommended to developing countries.

8.07 The CHAIRMAN noted that Article 8 would remain as it was in the Draft, subject to the modification recommended by Mr. Barreda.

Article 9

9.01 The DIRECTOR read Article 9.

9.02 The CHAIRMAN noted that no comments were offered on this Article and consequently it could be regarded as meeting with the approval of the Committee.

9.03 Mr. LACHMANN (United Nations) said that during the discussions of all the previous articles, several suggestions were made, which, if adopted at a later stage, would necessitate certain changes in some of the articles and in particular in Articles 8 and 9. Such matters included the question of local novelty, patents of introduction, and patents of addition. These should be kept in mind and when they were called up for discussion at some later stage in the meeting, some consequential changes would become necessary in the first nine articles of the Draft.

9.04 Mr. BENDRIS (Algeria) said that the principle of universal novelty was accepted by the Committee and consequently there was no need to come back on the question of local novelty and its possible consequences.

9.05 Mr. SELLAYAH (Ceylon) said that there was no unanimous agreement on which kind of novelty--universal or local--would be applied and therefore for countries which would opt for local novelty, there would, indeed, be consequential changes, as suggested by Mr. Lachmann.

9.06 The DIRECTOR said that Article 9 might be considered adopted as proposed in the Draft, subject, of course, to the understanding that, if a country chose a system of local novelty, or adopted patents of introduction or patents of addition, consequential changes would have to be made in some of the articles.

9.07 Mr. SHER (Israel) said that he agreed with the Director. It would be desirable that the Commentary call attention to the fact that in situations such as those mentioned by Mr. Lachmann and the Director, consequential changes would become necessary.

9.08 The CHAIRMAN said that the Draft itself would contain no variants as to the nature of novelty and other questions discussed up to the present time, but the Commentary would reflect the proposals made for possible variants, including the proposals of Mr. Lachmann and Mr. Sher, and would underline the necessity of consequential changes if one or more variants were to be adopted.

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Article 9, continued

9.09 Mr. COWARD (Kenya) asked to whom the request for transfer referred to in Article 9 would have to be addressed.

9.10 The DIRECTOR replied that during the pendency of the application, the request would have to be addressed to the Patent Office, whereas after the grant of the patent, the request would have to be addressed to the court.

Article 10

10 01 The DIRECTOR read and explained Article 10 entitled "Inventions by Agents or by Employees." The provision proposed might be too brief and more elaboration seemed to be desirable. Furthermore, the French Government had made a written observation to the effect that referring to "agents" in this Article would be a mistake and had proposed that the provision should speak about contracts commissioning a certain work (louage d'ouvrage) and employment contracts (louage de travail). The Director said that he was ready to accept the French proposal.

10.02 Mr. SHER (Israel) suggested that the Article should contain some provisions concerning the remuneration of the true inventor; that it clarify whether the provision applied only to inventions made in the country or also to inventions made abroad; that it provide that where the employee refused to sign an application for a foreign patent, the employer should be entitled to do so; that any disputes should be handled by labor tribunals rather than ordinary courts.

10.03 The DIRECTOR replied that he would be ready to insert provisions on remuneration in the cases where the employee was not employed for making inventions and even where he was employed for that purpose, if the invention was of very exceptional importance; that although in principle the law of the country of employment should govern in all countries the relationship between employer and employee, the question was a notoriously difficult one in international private law and it would hardly be possible to resolve it in a law limited to industrial property; that the question of signing various applications should be governed by the contract between employer and employee; and that as far as the jurisdiction of courts was concerned the question, being a procedural one, should be left to the special circumstances of each country.

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10.04 Mr. SHER (Israel) said that it was only natural that when there was a contract, the contract would govern; his proposals were addressed to the case where the contract was silent on the question under discussion.

10.05 The DIRECTOR replied that the Draft or the Commentary should take care of the questions raised by Mr. Sher.

10.06 Mr. LACHMANN (United Nations) said that it was particularly important for the inventors of developing countries that the law contain provisions on the remuneration of employees and that these provisions be rather broad. Furthermore, he thought that it would be better to speak about inventions made by the employee "within the course of his employment" rather than "within the field of his employment." Generous provisions for employees were the more necessary since in a typical situation the employer was a firm based in a highly industrialized country and the employee was a national of a developing country.

10.07 Mr. LARRAGUIBEL (Chile) said that Latin-American countries traditionally paid the greatest attention to the proper protection of human values and dignity. This was one of the reasons why they had such advanced social legislation regulating labor relationships. Participation of the employee in the economic success of his invention, preferably expressed in a certain percentage of the profit, was therefore desirable. In any case, the labor laws of the various countries should be kept in mind.

10.08 The DIRECTOR, in reply to Mr. Lachmann, said that the reverse of the situation mentioned by him was also quite frequent. In fact, very often the local enterprises or the governments of developing countries had to have recourse to the technical knowledge of foreigners and employ them.

10.09 Mr. LACHMANN (United Nations) remarked that he did not say that governments of the developing countries would object to having the right to inventions made by employees belong to the employer; all he said was that it was necessary that the Draft provide for proper remuneration to the employee. The principle according to which inventions made by employees should belong to the employer had nothing objectionable if applied in the proper cases.

10.10 The DIRECTOR said that he would try to insert a provision on remuneration in the revised Draft. In any case, if the labor legislation takes care of the question, then the whole Article should be omitted. He did not think that it would be practical to provide for a remuneration expressed in a certain percentage. The fixation of the amount of the remuneration should be left to the courts which were in a position to appreciate the circumstances of the case.

10.11 Mr. FINNISS (International Patent Institute) said that, although the matter was not regulated by law in France, it was regulated by internal order as far as the relationships between research establishments of the French State and their employees were concerned:

(a) If the invention was made in the field in which the employee worked by virtue of his employment contract, the invention belonged to the State.

(b) If the employee made an invention outside the field in which he was supposed to work, the solution depended on whether he used government material or not. If he did use such material, the rights were divided between the State and the employee. If he did not, all rights belonged to the employee.

10.12 Mr. JIMENEZ (El Salvador) said that the proper appreciation of the intellectual and creative effort which went into an invention required that inventors be treated differently from other employees and that they receive adequate compensation whenever they made an invention.

10 13 Mr. TALERNGSRI (Thailand) said that Article 10 should remain as it was in the Draft, as it was always possible, by contract, to depart from it if special circumstances made such a departure desirable. In any case, his country had no labor tribunals and all disputes between employees and employers would go before ordinary civil courts.

10 14 Mr. POINTET (International Chamber of Commerce) said that in Switzerland the question was not regulated in the patent statute but was governed by the general law of contracts. If the employee was employed to invent, the employer should be the owner of the invention. If the employee was not employed to invent but made the invention in the course of his employment, the invention should belong to the employer but the employee should get an extra equitable remuneration. Finally, if the employee made his invention outside his employment, he would be the owner of the invention.

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10 15 Mr. BENDRIS (Algeria) said that, in principle, inventions made in the course of employment should belong to the employer. In practice, the question should be governed by the employment contract or by the personnel regulations of the enterprise in which the employee worked. In order to reinforce the position of the employee, Article 11 should say not only that the inventor was entitled to be named as such in the patent, but that the inventor must be named as such in the patent.

10 16 The DIRECTOR said that the discussion had convinced him of the need to distinguish between several situations and to provide general guidelines for them in the Draft itself: there should be a provision on adequate remuneration wherever the making of an invention was not the duty of the employee; and, of course, it should also be made clear that inventions made completely outside the scope of the employment belonged to the employee.

10.17 The CHAIRMAN noted that it was the general desire of the Committee that the Article be amplified in the sense indicated by the Director in his last intervention.

Article 11

11.01 The CHAIRMAN opened the discussion on Article 11 and said that Mr. Bendris had already made a proposal.

11.02 Mr. BENDRIS said that he wanted the Article to be so modified that the naming of the inventor as such in the patent should become mandatory.

11.03 The DIRECTOR said that some inventors may not desire to be mentioned in the patent and this was a reason for which the Draft did not make the mentioning of the inventor mandatory. Furthermore, the text would be improved if it spoke about the "true inventor" rather than simply the "inventor" because in the case of Article 8 (3) inventorship rested on a mere fiction, the first applicant being considered to be the inventor.

11.04 Mr. SHER (Israel) suggested that the Draft should provide that no employee may waive his right to be mentioned as an inventor. Furthermore, the inventor should be allowed to apply for being named as such any time during the pendency of the patent application.

11.05 The DIRECTOR expressed agreement with the first suggestion of Mr. Sher. As to the second, he referred to the Commentary on the Draft which indicated that the inventor could always go to the competent court and ask that his name be mentioned in the patent.

11.06 Mr. SHER (Israel) replied that it was exactly this --namely the necessity for going to court-- that he wanted to avoid. It should be sufficient to present the request to the Patent Office.

11.07 The DIRECTOR replied that the question of true inventorship was frequently highly controversial and a delicate matter to decide. This was why any final decision should be made by a court rather than the Patent Office.

11.08 Mr. LACHMANN (United Nations) said that both here and in many other provisions of the Draft the question arose whether certain decisions should be made by the Patent Office, by a Ministry, or by the courts. Since the answer depended very much on the general division of powers between the different branches of government, the choice between them should be left to the discretion of each country, and the Draft itself should merely speak about the "competent authority."

11.09 The CHAIRMAN noted that there would be inserted in the Draft a provision according to which the true inventor could not waive by contract his right to be named as the inventor in the patent.

Article 12

12.01 The DIRECTOR said that, before discussing the details of Article 12, it was necessary to know that the Draft provided for a system in which applications for patents were not examined by the Patent Office as to the question of whether the invention met the substantive requirements of novelty, inventiveness, etc., of the law. The Draft provided for a non-examination system because it was simple and cheap and yet effective, as proven by the situation prevailing in such non-examining countries as France. It might, of course, be possible that certain developing countries would desire some kind of examination. They could have full examination, or examination with opposition, or could merely prescribe that the applicant file a search report by the International Patent Institute. This last solution would be a first step towards an examining system. A non-examining system did not mean that the application was not submitted to any scrutiny by the Patent Office, since the Draft did require that in formal respects every application would have to be examined.

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12.02 Mr. LARRAGUIBEL (Chile) suggested that the Article be completed by a provision requiring that the applicant name the true inventor or declare, under oath, that the identity of the true inventor was unknown to him. The latter provision would usually be necessary only if the novelty requirement were a national one rather than a universal one.

12.03 The DIRECTOR said that Article 12 could contain a provision stipulating that in appropriate cases the application could be accompanied by a declaration of the true inventor requesting that he be mentioned as such in the patent.

12.04 Mr. SHER (Israel) suggested that the Commentary should refer to the parallel provisions of the European Convention relating to the formalities of patent applications.

12.05 Mr. KANANI (Sudan) said that it was unnecessary to add the provision referred to by the Director in his last intervention, since the matter was already taken care of under Article 11.

12.06 The DIRECTOR replied that the addition would merely be a reminder of Article 11.

12.07 The CHAIRMAN asked whether there were any other remarks on Article 12.

12.08 The DIRECTOR said that it might be useful to provide either in the Draft or in the Regulations that powers of attorney did not necessarily have to be filed with the application but might be filed later, within a period of three months. In dealing with foreign applicants, this facility given to local agents or attorneys might be quite important.

12.09 Mr. SHER (Israel) suggested that a provision of this kind should not be put into the Draft. Any country which wished to adopt it could still do so either in the Law or in the Regulations. The provision might create some difficulties, particularly if the power of attorney were not filed within the prescribed time limit.

12.10 The CHAIRMAN noted that the consensus of the meeting was not to refer to the possibility of a later filing of a power of attorney. The matter would merely be mentioned in the Commentary.

Article 13

13.01 The DIRECTOR read and explained Article 13 which provided that the description must disclose the invention in a manner sufficiently clear and complete for it to be carried out by a person skilled in the art.

13.02 Miss BATCHELOR (Uganda) asked why the Draft did not provide for provisional specifications.

13.03 The DIRECTOR replied that the system of provisional specification was a peculiarity of the British patent system, unknown in most countries, and generally believed to be quite complicated.

13.04 Mr. SHER (Israel) said that the Article should expressly provide that the claims could not exceed the scope of the description or specification.

13.05 The DIRECTOR said that he found the suggestion of Mr. Sher acceptable.

13.06 Mr. JOGARAO (India) said that there was a general tendency on the part of applicants to make their description just sufficient to meet the requirements of the law without really trying to make it easy for third parties to carry it out on the basis of the description. He did not think that the Draft could be made more explicit in this respect but wanted to call attention to this practical difficulty.

13.07 The DIRECTOR replied that the problem was well known, and could not be solved by a different wording of the Article but only by a strict enforcement of its spirit. Insufficient disclosure was a cause of nullity, and thus there certainly was a weapon available to fight insufficient disclosure.

13.08 Mr. LACHMANN (United Nations) said that the Commentary should contain a warning to the effect that even a disclosure permitting the execution of the invention frequently did not permit its most efficient and economic execution. For that, the acquisition of drawings, plans and know-how was usually also necessary, and these were generally available only for additional payments.

Article 14

14.01 The DIRECTOR read Article 14 providing that "the application for a patent may relate to only one invention." The provision might be too concise and he would like to add some clarifications, for example to the effect that one and the same application may relate both to products and processes for the manufacture of the same products.

14.02 The CHAIRMAN noted that the Committee had no objection to the Article being completed along the lines suggested by the Director.

Article 15

15.01 The DIRECTOR read Article 15, concerning the steps an applicant claiming priority must take. The provision was, of course, of interest only to countries parties to conventions providing for priority, that is, the Paris Convention and the Pan-American Conventions. Suggestions were made that the Draft should give two months, after the application had been filed, for claiming priority, and an additional period of three months for filing the copy of the application on which the priority claim was based.

15.02 Mr. SHER (Israel) said that since the Draft contained no provision on the substantive aspects of the right of priority--on what it was, what its effects were--it would be illogical to include in the Draft provisions on its formal aspects, i.e., on how and within what periods the claim must be presented and proved. These aspects should be relegated to the Commentary.

15.03 Mr. TALERNGSRI (Thailand) said that the priority claim should be presented together with the patent application, and not later. Proof of the claim might be presented within three months.

15.04 The DIRECTOR said that in view of the intervention of Mr. Talerngsri, the Draft would not be changed. The Commentary would refer to the possibility of allowing two or three months for claiming priority.

15.05 The CHAIRMAN noted that the Committee agreed with the proposal of the Director.

Article 16

16.01 The DIRECTOR read Article 16, providing that no application would be accepted unless the application fee had been paid.

16.02 The CHAIRMAN noted that the Committee had no observation to make on this Article.

Article 17

17.01 The DIRECTOR read Article 17, concerning the examination of the application as to form. On the basis of a proposal made by the French Government, he would suggest changing the Article in the following respect: non-compliance with Article 14 should not lead to the refusal of the application. Instead, the applicant should be allowed to divide his application into as many applications as there were separate inventions covered by it.

17.02 Mr. SHER (Israel) desired to make four comments in relation to Article 17. First, all references to Article 14 should be deleted: in a system without examination, Patent Offices were not equipped to determine whether applications related to one or more inventions. Second, it should be made clear that as to the priority claim, Patent Offices would verify merely whether the formal requirements of Article 15 were complied with. They should not be required to examine whether the patent application and the basis of the priority claim really related to the same invention, as here too the judgement of expert engineers would be needed. Thirdly, the Draft should provide for the possibility of amending and dividing the application as initially filed. Fourthly, the Commentary should deal exhaustively with the advantages and different kinds of examining systems. An examining system gave a relatively reliable indication as to whether an invention was really patentable or not. This was important for developing countries desirous of exploiting inventions unfettered by patents. Various aids were available for examining systems: Patent Offices could ask for the search results in other countries; they could require the filing of an opinion given by the International Patent Institute; they might use other government offices or outside experts for examining; they might pool their forces in regional patent offices; they could use the aid of technical information centers established with the assistance of the United Nations or other international organizations.

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17.03 The CHAIRMAN invited further comments on the merits of examination systems.

17.04 Mr. LACHMANN (United Nations) said that a system with examination was very desirable for developing countries. It would prevent the overburdening of the Patent Offices with carelessly filed and carelessly formulated applications which would be found invalid if they were examined and which, in a non-examining system, excluded potential importers and inventors. This led to unnecessary monopolies in an economy which should be as competitive as possible. National or regional technology institutes could examine applications from the technical viewpoints. The services of foreign and international agencies, particularly the International Patent Institute, could be enlisted. All this would help to exclude frivolous applications meant only to close off the market and not to develop it or to invest in it.

17.05 Mr. FINNISS (International Patent Institute) said that the International Patent Institute was founded by countries without an examining system precisely in order to give advice on the novelty of inventions. The Institute had a rich collection of patents and technical literature and an experienced staff of highly qualified examiners. Advice was given in three different forms. The simplest was when a list of patents and scientific publications was furnished on the topics covered by an intended or already filed patent application. The second kind consisted of a reasoned opinion on the question of the novelty of an allegedly original invention. Thirdly, the Institute assisted the Dutch Patent Office in the whole process of examination, including discussions with the applicants, the final decision alone on grant or refusal being reserved to the Dutch Office itself. In the proposed system of the "European patent"--a patent which would have force in the six countries of the European Economic Community--the Institute would give an opinion on the novelty of inventions for which an application had been filed in the European Patent Office. The Institute also undertook studies on the state of a given art, even if the study was not intended for use in connection with patent applications. The Institute could, on a contractual and ad hoc basis, be of service to the Patent Offices of developing countries even if such countries did not wish to adhere to the conventions which created the Institute.

17.06 Mr. MOSQUERA (Colombia) said that the interventions of Mr. Finniss and Mr. Lachmann only confirmed his opinion that a system with examination was essential even in developing countries. Such a system helped to eliminate applications relating to inventions which were not really novel. It also made it much more likely that patents would be valuable and would be upheld if attacked in a court. An opposition procedure, as known for example in the Colombian system, doubtless helped Patent Offices in their difficult task of determining the novelty of inventions.

17.07 Mr. BARREDA (Inter-American Association of Industrial Property) said that the choice between the two systems was probably the most important problem that the Draft had to face. There was no doubt that, in principle, the examining system was better. However, the practical difficulties were considerable, not only because it was difficult to find qualified examiners but also because it was difficult to constitute a documentation center which could keep abreast with the rapidly growing volume of technical knowledge in the world. A solution not yet mentioned would be the system of deferred examination. In any case the person whose interests were endangered if the patent were to be granted was usually well-equipped to prove that the application did not relate to a novel invention. This he could prove in an opposition procedure or before a court.

17.08 Mr. SHER (Israel) said that opponents did not always have the money and ready proof to fight the application of the applicant. Or they might compromise with the applicant. In both cases, patents which should not issue, would issue, and the public had to suffer the consequences.

17.09 The DIRECTOR said that in view of the strong feelings expressed in favor of a system with examination, the revised comments would state the desirability of such a system and would refer to the various solutions calculated to work such a system which had been mentioned by the different speakers. He did not think that the formulation of an opinion, by the Patent Office, on the question of whether an application should be divided into several applications was really so difficult. As to priority, the Draft did not require Patent Offices to formulate an opinion on whether the first application and the subsequent application really related to the same invention.

17.10 Mr. BENDRIS (Algeria) said that it was unrealistic to recommend an examining system to developing countries, since their Patent Offices lacked both the staff and the documentation necessary for operating such a system. The Draft should maintain the non-examining system. In case of the presumably rare applications emanating from its own citizens, any developing country could still provide that such applications be submitted for advice, for example, to the International Patent Institute.

17.11 Mr. FINNISS (International Patent Institute) said that in no case should it be recommended to developing countries that they adopt a full examining system as it is known in the United States, Germany, and some other countries. At the most they should adopt a deferred examining system as recently adopted by the Netherlands and as contemplated in the draft of the European Patent Convention.

17.12 Mr. BENDANA (Nicaragua) said that the examining system was better suited for developing countries. Examination did not necessarily have to be carried out by the Patent Office itself; it could farm it out to associations of scientists or other appropriate bodies.

17.13 Mr. EGBUE (Nigeria) asked whether the services of the International Patent Institute were free of charge.

17.14 Mr. FINNISS (International Patent Institute) said that, obviously, the reply was negative. The fees varied according to the nature and volume of the service rendered. An opinion might cost £ 20 or it might cost £ 100. Special fees might be contracted if a country wished to use regularly the services of the Institute.

17.15 Mr. TALERNGSRI (Thailand) said that a limited examination system--for example, limited to locally available publications--would probably be more practical for developing countries than a system of complete examination as it existed, for example, in the United States. Also, there should be an opposition procedure as in Germany. It would be a mistake to leave the entire work to the courts. Some screening should be done by the Patent Office before the patent was granted.

17.16 Mr. LADAS (International Association for the Protection of Industrial Property and International Chamber of Commerce) said that any examination system would be impractical for developing countries. They delivered only very few patents, so that the cost of the system could not be spread among many applicants. The system would be too expensive both for the applicant and the Government, so much so that practically no one could take out a patent. Such a system would defeat the very purpose of the patent law which wished to encourage the taking out of patents.

17.17 Mr. SHER (Israel) said that opposition procedures were only practical in countries having an examining system, since both required the same kind of technically highly qualified Patent Office staff. On the question of the expense of examination, he disagreed with Mr. Ladas. An opinion by the International Patent Institute would cost between \$ 120 and 150. It was unreasonable to ask applicants to incur this expense. The ill effects on the national economy of a patent which should not have been granted would amount to thousands and thousands of dollars to the detriment of the general consuming public.

17.18 Mr. EGBUE (Nigeria) said that he was definitely in favor of a non-examining system since an examining system would be too expensive for a developing country even if it had recourse to the services of the International Patent Institute.

17.19 The DIRECTOR said that the Commentary would faithfully reflect the various opinions and would indicate different alternative solutions.

Fourth MeetingTuesday, October 20, 1964: AfternoonArticle 18

18.01 The DIRECTOR read Article 18, which provides that patents are granted without the guarantee of the State as to their validity. This was a consequence of a system without examination. If a country adopted a system with examination, this Article should be left out.

18.02 Mr. SHER (Israel) said that even in a system with examination, the State never guaranteed the validity of the patent.

18.03 The DIRECTOR said that in countries with an examination system the responsibility of the Patent Office would be covered by provisions in the constitution of the country, or in its administrative laws, rather than in the Patent Law itself.

18.04 Mr. FINNISS (International Patent Institute) said that he wanted to revert to the question of fees charged by the International Patent Institute. Should a developing country decide to require a search report established by the Institute in the case of every patent application, such a measure would be of interest mainly to foreigners since it was expected that 90% or more of the applications filed in a developing country would be filed by foreigners. These foreigners could, without difficulty, pay the fees charged by the Institute. Domestic applicants would have to pay the same fees but most of the fees could be paid back to them in the form of aid to research or on the basis of some similar reasoning.

18.05 Mr. LACHMANN (United Nations) said that, since it was desirable to avoid any semblance of discrimination between nationals and foreigners, a system similar to that of legal aid could be introduced. Applicants who could demonstrate that they did not have the resources to pay for the search certificate of the Institute could have that certificate paid for by the government, while others who could not meet this test would, regardless of nationality, have to pay for the search certificate themselves. In most cases such a system would probably work in favor of domestic applicants.

Article 19

19.01 The DIRECTOR read Article 19, dealing with the registration of patents.

19.02 Mr. COWARD (Kenya) said that probably this was the provision in connection with which registrations existing at the moment of the introduction of the new law would have to be taken care of.

19.03 Mr. BENDRIS (Algeria) said that the registration of a patent might have to be cancelled not only in the case referred to in Article 19--non-payment of annual fees--but also in other cases.

19.04 The DIRECTOR replied that the Commentary contained a complete list of facts susceptible of being recorded in the Register.

Article 20

20.01 The DIRECTOR read and explained Article 20 dealing with the publication of patents. It was not required that the entire patent be published; it was sufficient to have published only the essential elements.

20.02 Mr. SHER (Israel) suggested that the number of first application (i.e., the application on which the priority claim was based) should also be included among the elements to be published. Requiring that the contents of the claims be published was too ambitious because it was too expensive. This requirement should be dropped.

20.03 The DIRECTOR replied that the number of the first application should, as suggested by Mr. Sher, be included. As to the claims, he would be willing to replace the requirement of publishing the claims in extenso by requiring that a mere abridgement or summary of the claims should be published.

20.04 Mr. EGBUE (Nigeria) asked what was the reason for providing that the drawings and descriptions could be consulted free of charge.

20.05 The DIRECTOR replied that it seemed to be in the public interest that consultation of these papers be made as easy as possible.

20.06 Mr. SHER (Israel) said that the actual costs of publication were borne by the applicant: he did not get his patent as long as he did not pay the publishing fee.

20.07 Mr. JCGARAO (India) said that the preparation of abridgements was a difficult and time-consuming work and represented a great burden for the Patent Office.

20.08 Mr. SHER (Israel) said that in his country it was found that the most practical solution consisted in having abridgements made by the examiners themselves. These abridgements were very condensed and it was understood that the Patent Office was not responsible for any possible discrepancies between the abridgement and the full patent.

Article 21

21.01 The DIRECTOR read and explained Article 21, dealing with the nature of the rights conferred by a patent. Whether a patent conferred upon its owner exclusive rights to do certain things, or the right to preclude third parties from doing certain things, was to a large extent a theoretical question. However, it might be better to employ the second formula and this was what he intended to do in the revised Draft. The wording of point (b) should be changed because it was somewhat awkward to speak about the "sale" of a process.

21.02 Mr. KANANI (Sudan) said that perhaps the word "import" in point (a) should be struck out since the whole purpose of the law was to promote the industrialization of the country, i.e. local manufacture.

21.03 The DIRECTOR replied that as long as the patentee had the exclusive right to "put on the market, offer for sale," the word "import" had a limited practical importance. The preoccupation of Mr. Kanani was being taken care of through a system of compulsory licensing in the case of non-working of the patent in the country. In that connection it was stated that importation was not deemed to amount to working.

21.04 Mr. TALERNGSRI (Thailand) asked for clarification of the meaning of the words "put on the market, offer for sale" in point (a).

21.05 The DIRECTOR replied that he himself did not very much like the expression "put on the market." It would be simpler and clearer to speak about "sale." Maintaining the expression "offer for sale" seemed to be desirable, because then infringements could be prevented, by intervening at a time when the perpetration of the infringements was in a preparatory stage.

21.06 Mr. MACAULAY (Sierra Leone) asked what the words "for the latter purposes" referred to.

21.07 The DIRECTOR replied that they were intended to refer to all the acts in connection with which the act of "stocking" might be visualized. The provision might be improved by a different wording.

21.08 Mr. SHER (Israel) said that if the introductory phrase of the Article was to read "to preclude third parties from," then there would be no need to speak about importation at all.

21.09 Mr. BENDRIS (Algeria) said that the concept of importation should be dropped in the Article since it ran contrary to the basic philosophy of the Draft which was to help the industrialization of developing countries.

21.10 The DIRECTOR said that as long as the Draft gave an exclusive right for sale, the notion of importation did not change the situation much. What use would there be to allow mere importation when the importer was not allowed to sell what he had imported? The right of sale could not conceivably be taken away because it went to the heart of the value of a patent. Naturally, if there was no working in the country, compulsory licensing could always be used against the patentee and, indeed, the Draft might include provisions allowing compulsory licensing even if there was working in the country by the patentee but vital national interests required that compulsory licenses be given to other persons.

21.11 Mr. MASSALSKI (International Federation of Patent Agents) said that maintaining the concept of importation was necessary also for safeguarding the interests of local inventors since otherwise they could not prevent the flooding of the domestic market by unauthorized imitations of their inventions manufactured abroad.

21.12 Mr. LACHMANN (United Nations) suggested that the wording of point (b) should be made clearer. The intention was that the patent right should extend only to products produced by the patented process and not also to the same products if produced by another process. This was what point (b) should state with more clarity.

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21.13 The CHAIRMAN suggested that point (b) be modified so as to take care of the suggestions of Mr. Lachmann.

Article 22

22.01 The DIRECTOR read Article 22 entitled "Limitation of Patent Rights." In paragraph (1) he would maintain only the first part of the sentence and strike out the second. To paragraph (2) the following words should be added: "of the country, unless the patent concerns a special application of the product."

22.02 The CHAIRMAN noted that the suggestions of the Director met with the general approval of the Committee.

Article 23

23.01 The DIRECTOR read Article 23 entitled "Scope of Protection."

23.02 The CHAIRMAN noted that the proposed Article met with no objection on the part of the Committee.

Article 24

24.01 The DIRECTOR read and explained Article 24 which, as it appears in the Draft, would allow persons who, at the time of the application, were in good faith manufacturing the product, or using the process, to have the right to continue to do so, notwithstanding the grant of the patent to another person. The provision was very narrow. It probably should be broadened so as to allow manufacture and use even by those persons who at the critical moment were in the process of making serious preparations for manufacture and use but had not yet actually started such acts. The French Government in its written comments proposed that the provision should be broadened even further and should allow manufacture and use even in the case where there was at the critical moment merely knowledge, without any manufacture or use or preparation for manufacture or use.

24.02 Mr. SHER (Israel) said that he agreed with the Director's suggestion that the provision should be broadened to include the case where preparations were being made for manufacture or use. The provision should also specify that it covered the case where the preparation, manufacture, or use, took place in the country itself. The French proposal should not be accepted.

24.03 The DIRECTOR replied that he would go along with the suggestions of Mr. Sher.

24.04 Mr. LARRAGUIBEL (Chile) said that the provision was in contradiction with the principle that patents could only be granted for novel inventions. If a person other than the applicant knew about the invention at the time when the application was filed, the invention was no longer novel and no patent should be granted.

24.05 The DIRECTOR replied that Article 24 covered the case where there was no public disclosure. In case of public disclosure, naturally the patent would not be valid.

24.06 Mr. LARRAGUIBEL (Chile) said that this intent did not clearly result from Article 24 as presently drafted and suggested that the wording be made clearer.

24.07 Mr. MASSALSKI (International Federation of Patent Agents) said that it was in the interest of developing countries to have a narrow provision. Consequently, the French proposal should not be accepted.

24.08 Mr. TALERNGSRI (Thailand) said that he agreed with Mr. Larraguibel that the provision was not very clearly drafted.

24.09 The DIRECTOR replied that in the redraft or in the Commentary it should be clarified that when the use of the process was published, or when the produce was on sale to the public, the patent would be invalid in view of the lack of novelty. As to the French proposal, the Director noted that he understood that the Committee did not wish to follow the proposal but that it would be ready to insert in Article 24 the notion of serious preparation with a view to manufacture or use.

24.10 Mr. TALERNGSRI (Thailand) said that persons who use, manufacture, or make serious preparations for either of these acts, should be required to notify the competent government authorities.

24.11 The DIRECTOR replied that it was not always possible to require such notifications because the persons involved might not know that they had made a patentable invention. If they knew it they would probably apply for a patent themselves.

Article 25

25.01 The CHAIRMAN opened the discussion on Article 25, dealing with the duration of the patent protection and the annual renewal fees to be paid to keep the patent in force.

25.02 Mr. SHER (Israel) asked whether the use or manufacture of the patented invention by a person other than the patentee during the 6 months of the period of grace would constitute infringement. He also wanted to know why the Draft did not provide for the possibility of restoration of the patent after it has lapsed for non-payment of fees.

25.03 The DIRECTOR replied to the first question that during the period of grace the patent was valid but if the fee was not paid during this period then the patent lapsed retroactively to the date on which the period of grace began to run. As to the second question, the Director said that at the Lisbon Revision Conference of the Paris Union in 1958 there was strong opposition to allowing the restoration of patents. That was why the Draft did not provide for restoration.

25.04 Mr. TALERNGSRI (Thailand) asked whether the 20-year period of protection was suitable for developing countries.

25.05 The DIRECTOR replied that a relatively long period was necessary and useful for developing countries. In developing countries, the lead time for the introduction of a new invention was particularly long and if the time left for the use of the invention, after the use had started, was too short, it would be a deterrent to taking out patents.

25.06 Mr. BENDANA (Nicaragua) asked whether the 20-year protection computed from the date of the filing of the application was not too short in the case of countries where the examination might last as much as five years, as it would leave only 15 years of effective protection.

25.07 The DIRECTOR replied that the 20 years' duration was recommended with a non-examination system in mind. In the case of examination systems there could be a complementary provision fixing a minimum number of years computed from the grant of the patent.

25.08 Mr. SHER (Israel) said that any system in which the term was calculated from the date of the grant would disrupt the eminently desirable uniformity of terms among the various countries.

25.09 The DIRECTOR replied that the minimum to be calculated from the grant would probably be applied very rarely in practice and consequently would do no great harm to uniformity. In any case, he was ready to leave Article 25 as originally proposed.

25.10 Mr. COWARD (Kenya) asked whether there was a requirement in the Paris Convention to adopt a 20-year period.

25.11 The DIRECTOR replied that there was no such obligation in the Paris Convention.

25.12 Mr. VON HOLSTEIN (Council of Europe) said that in the Council of Europe, and among the countries of the European Common Market, the trend was towards a uniform term of 20 years from filing.

25.13 Mr. MOSQUERA (Colombia) asked what was more in the interest of developing countries: to compute the duration from the date of the application or from the date of the grant.

25.14 Mr. SELLAYAH (Ceylon) said that, as a practical matter, it was desirable to have a possibility of restoring patents which lapsed because of non-payment of annual fees.

25.15 Mr. VON HOLSTEIN (Council of Europe) called attention to the British system in which under certain exceptional circumstances the term of protection of a patent could be prolonged by the Patent Office beyond its normal duration.

25.16 The DIRECTOR, in reply to Mr. Mosquera, said that in a non-examination system it was of limited importance whether the term was calculated from the date of application or from the date of grant since the grant followed very soon after the application. In an examination system, computation from the date of application had the advantage of avoiding too long terms--because, if the examination lasted 10 years, the invention would still be protected by a patent after 30 years--and it would also avoid the curious situation where an invention would still be protected by a patent in one or two countries when the said invention had fallen into the public domain a long time ago in the rest of the world. The period of 20 years was chosen, not because this was the term proposed by the Council of Europe, but because of the long lead time for

introducing inventions in developing countries. In any case, the Draft being a mere model, each country was free to adopt longer or shorter terms. The reason for which the Draft did not imitate the British system of extending protection beyond the normal duration of protection consisted in the fact that it was a complicated system and difficult to administer; consequently, it was believed that it would be too much of a burden on the administration of a developing country.

25.17 Mr. TALERNGSRI (Thailand) asked what would happen if a person (other than the applicant) used an invention during the time of the pendency of the application. Would he be regarded as an infringer?

25.18 The DIRECTOR replied that the question was of limited practical significance in non-examining countries. It was very unlikely that a person would start using an invention during the short time which elapsed between application and grant. In examining countries this time was usually much longer and there was no uniform solution to the problem. In most of these countries protection started only after the patent was granted but in some of these countries the protection was retroactive to the date of application, in which case the reply to the question of Mr. Talerngsri was that there would be infringement.

25.19 Mr. SHER (Israel) said that the question raised by Mr. Talerngsri should be re-discussed in connection with Article 47.

Article 26

26.01 The DIRECTOR read and explained Article 26, dealing with the assignment and transmission of patent applications and patents. He suggested that an additional provision be inserted dealing with joint owners of a patent. Such a provision could provide that joint owners of a patent may, separately, transfer their parts, exploit the patented invention, and exercise their patent rights, but may only jointly grant licenses to third parties.

26.02 Mr. SHER (Israel) suggested that paragraph (3) be amended so as to make registration compulsory. The law of which country, he wondered, should apply in determining the rights of patentees in the case of succession. Finally, he suggested that the new provision which was proposed by the Director should also deal with the question of who may sue for infringement.

26.03 The DIRECTOR replied, on the first point, that he hesitated himself between mandatory and optional registration of assignments. As to the second question, he did not think that any patent law could resolve it because this problem belonged in the wider context of conflict of laws on the international level. As to the third question, he would agree that the new provision authorize each joint owner to sue independently. The only thing that joint owners could not do independently was to grant licenses.

26.04 Mr. LARRAGUIBEL (Chile) said that the law of the country in which the patentee died should govern all questions of succession. As to the question of co-owners, the solution would probably be to adopt joint administration so that the joint owners should not be able to act in ways which would conflict with each other.

26.05 Mr. BENDANA (Nicaragua) said that the Draft did not make it clear whether it dealt with assignments mortis causa only or also with assignments inter vivos.

26.06 Mr. SHER (Israel) said that in his opinion patent laws should deal with the question of succession to the rights of the deceased patentee.

26.07 Mr. COWARD (Kenya) asked whether the Draft should not also deal with assignment by operation of law, such as pursuant to bankruptcy or insolvency.

26.08 The DIRECTOR said that he did not think that assignment by operation of law presented any special problems. They were assignments and the general rules concerning assignments should be applied to them.

26.09 Mr. SHER (Israel) replied that under common law a transmission by operation of law was not regarded as an assignment and therefore a special clause should be introduced in the Draft.

26.10 Mr. SELLAYAH (Ceylon) said that no provision on succession should be written into a patent law. The general laws concerning succession should govern.

26.11 The DIRECTOR said that if one inserted the expression "by succession or by act of law," the point raised by Mr. Coward, Mr. Bendaña, and Mr. Sher would be covered.

26.12 Mr. LACHMANN (United Nations) said that the points raised in connection with Article 26 were really extraneous to the law of patents. They should be left to the general laws of each country.

Articles 27 to 30

27/30.01 The DIRECTOR read and explained Articles 27 to 30, dealing with contractual licenses. The provisions of Articles 28 to 30 were permissive rather than mandatory, i.e., could be put aside by contract. Their main purpose was to help to interpret contracts where they were silent or unclear on certain questions.

27/30.02 Mr. MACAULAY (Sierra Leone) asked what the reference to "third parties" meant in Article 27 (3).

27/30.03 The DIRECTOR referred to the explanations contained in the Commentary.

27/30.04 Mr. LARRAGUIBEL (Chile) said that the legal effects of a license contract, when registered, could be compared to those of a registered mortgage on a piece of real property (land).

27/30.05 Mr. LACHMANN (United Nations) said that the Commentary should point out that the freedom of the contracting parties under a license contract was not unlimited because anti-trust laws or even Article 31 of the Draft might oblige them to keep within certain limits.

27/30.06 The DIRECTOR said that he agreed with the remarks of Mr. Larraguibel and Mr. Lachmann.

27/30.07 Mr. MACAULAY (Sierra Leone) said that the registration of license contracts should be made mandatory.

27/30.08 The DIRECTOR said that, naturally, any country could change the Draft and require the registration of license contracts. The Commentary would indicate this possibility.

27/30.09 Mr. MACAULAY (Sierra Leone) expressed the view that it would be preferable if the Draft itself spoke of mandatory registration.

27/30.10 Mr. BENDANA (Nicaragua) said that he too would prefer a provision requiring registration.

27/30.11 Mr. SELLAYAH (Ceylon) agreed with those speakers who asked for mandatory registration. It would constitute a safeguard against dishonest double licensing.

27/30.12 Mr. DENDRIS (Algeria) said that not only licenses but also assignments should require to be registered; and this not only for the purpose of avoiding double transfers or licenses but also to create a basis for the State control of the repatriation of profits by foreign investors and general foreign exchange control.

27/30.13 Mr. SHER (Israel) said that exclusive licenses should require to be registered. In the case of non-exclusive licenses, to sanction the lack of registration with the nullity of the license contract would constitute an excessively harsh measure.

27/30.14 Mr. SELLAYAH (Ceylon) said that compulsory registration was the only way to avoid abuses.

27/30.15 Mr. DENDRIS (Algeria) said that it was indispensable to have all license contracts registered since otherwise Government control of them would become very difficult.

27/30.16 The DIRECTOR said that in view of the discussion, a system of compulsory registration would have to be adopted.

27/30.17 The CHAIRMAN noted that there were no observations offered by any member of the Committee on Articles 28, 29 and 30.

Fifth Meeting

Thursday, October 13, 1964: Morning

Article 31

31.01 The DIRECTOR read and explained Article 31 entitled "Contracts Concluded with Foreigners." The provision was not typically a patent law provision; it did not have to be included in a patent law; as a matter of fact, currency control and anti-trust laws would probably be a more logical place for a provision of this kind.

31.02 Mr. SHER (Israel) said that the provision, establishing a discrimination between nationals and foreigners, might be regarded as contrary to the Paris Convention.

31.03 The DIRECTOR said that the Article could very well speak about "contracts involving payment abroad" rather than "contracts concluded with foreigners," in which case any semblance of discrimination would disappear.

31.04 Mr. SHER (Israel) said that this Article, aiming at economic control in situations in which patents may play only a very secondary role, should be omitted from the Draft. If it was maintained, then it should be limited to paragraph (1), to make it less rigid.

31.05 Mr. LACHMANN (United Nations) said that the Article was unnecessary for countries in which the general legislation already took care of the problem in the form of foreign exchange control or in some other form. In any case, paragraphs (2) and (3) should be eliminated. Paragraph (1) should indicate that government control was exercised from the viewpoint of the value or contribution of the license contract to the needs of the country and its economic development. Such a clause could be of decisive interest for developing countries.

31.06 Mr. JCGAFAO (India) said that the question should be decided on its own merits without regard to the provision's conformity or non-conformity with the Paris Convention. Looking upon the question from this independent viewpoint, paragraphs (2) and (3) should be omitted, whereas paragraph (1) could either be referred to in the Commentary or maintained in the Draft. It was not very important which of the two solutions was followed as long as attention was called to the need for regulating the matter, in or outside the patent law.

31.07 Mr. SELLAYAH (Ceylon) said that the provision had no place in a patent law and should be omitted from the Draft.

31.08 Mr. EGBUE (Nigeria) said that only paragraph (1) should be retained in the Draft.

31.09 Mr. MACAULAY (Sierra Leone) said that paragraph (1) should remain in the Draft; the ideas underlying paragraph (2) should be referred to in the Commentary; and paragraph (3) should disappear altogether, since it was superfluous.

31.10 Mr. BARREDA (Inter-American Association of Industrial Property) expressed the view that the Article under consideration was entirely economic in nature and, having nothing to do with patent law, should not be included in the Draft. Naturally, a patent law had many side-effects, not only on foreign exchange control, but also on taxation, labor relations, etc. Still, the Draft did not go into the taxation and labor aspects: it should not go into the foreign exchange aspects either. In many developing countries, including most Latin-American countries, there was no foreign exchange control, and it was well known that the whole policy of the International Bank was one favoring free exchange. Paragraphs (2) and (3) were superfluous since they either went without saying or they repeated what the general law of contracts already covered. If paragraph (1) were maintained, it should be so modified as to require the registration of contracts without Government approval.

31.11 Mr. BENDRIS (Algeria) said that a provision of the kind represented by Article 31 was doubtless necessary for most of the developing countries and therefore the basic ideas it contained should be reflected in the Draft.

31.12 Mr. KANANI (Sudan) said that in most developing countries one of the most important economic problems was how to control the agreements between foreign investors and the local firms with which the foreign investors frequently constituted partnerships. Many developing countries had planned economies. Consequently, they needed to know what was going on in the field of contracts with foreigners. Paragraph (1) should therefore be maintained in the Draft and paragraphs (2) and (3) should be omitted.

31.13 Mr. TALERNGSRI (Thailand) said that points (a) and (b) of paragraph (2) were in contradiction with each other and that paragraph (3) was clearly superfluous. As far as paragraph (1) was concerned, this was a provision which, although probably very useful in the case of some developing countries, had no place in a patent law. Consequently, the entire Article 31 should be omitted.

31.14 Mr. JIMENEZ (El Salvador) said that in the present era the economic school of laisser-faire was no longer followed by governments. Consequently, most governments were, and should be, interested in what kind of license contracts were concluded between their nationals and foreigners. The Article should therefore be maintained in the Draft.

31.15 Mr. FINNISS (International Patent Institute) said that it was very frequently difficult or impossible to say whether a contract had been concluded with a foreigner or not. This was so because many foreign companies founded sister companies in various countries or went into partnership with local companies. It would, therefore, be much safer not to make any distinction between nationals and foreigners and to state in the Article that every license contract had to be submitted for the approval of the Minister responsible for industrial property matters.

31.16 Mr. MASSALSKI (International Federation of Patent Agents) said that the issue was not whether a country should follow a policy of laisser-faire or not. It was a much narrower issue, namely, whether a provision on economic relations with foreigners should be inserted in a patent law or should be left to a more general regulation. In his opinion there was no doubt that the provision should be left out of the Draft and the need for possible government control merely referred to in the Commentary. In any case, the Article, speaking only about license contracts, did not achieve its intended purpose. Assignment of patents, just as important economically as the licensing of a patent, was not covered.

31.17 Mr. LADAS (International Association for the Protection of Industrial Property and International Chamber of Commerce) said that if a country had a planned economy, then the Article under consideration was much too sketchy and should go into many more details. If it had no planned economy, then the Article was wholly superfluous because the government did not control foreign trade or foreign investments. In any case, the problems involved far exceeded the scope of a patent law and no attempt should be made to regulate them in the Draft.

31.18 Mr. LARRAGUIBEL (Chile) said that for all the reasons marshalled by previous speakers and for the added reason that the proposal would put completely arbitrary powers into the hands of the governments, the Article should be taken out of the Draft.

31.19 Mr. SELLAYAH (Ceylon) insisted that the questions dealt with in Article-31 were extraneous to patent law and therefore the provision should disappear from the Draft.

31.20 The DIRECTOR said that the Article was inserted in the Draft mainly to call the attention of underdeveloped countries to the special problems which relationships with foreign investors or foreign patentees might involve. The discussion had convinced him that paragraphs (2) and (3) should be omitted. Paragraph (1) should probably be maintained in the Draft itself, subject to the change referred to earlier in the discussion, namely, that the provision should speak about contracts involving payments abroad rather than contracts concluded with foreigners. The Commentary would indicate that the Article was optional and could be omitted, particularly if the general laws on economic control had already taken care of the problem. It was useful to have the Article in the Draft because it emphasized that developing countries adopting a patent law were still in a position to exercise effective government control on license agreements concluded under their patent law.

Article 32

32.01 The DIRECTOR read and explained Article 32 entitled "Invalid Clauses in License Contracts." This was another Article which was not, by its nature, a necessary part of a patent law. It was more in the nature of an anti-trust provision and would probably be unnecessary for countries which had anti-trust laws. The intent of the Article was to limit a patent monopoly to its proper scope. It was directed against so-called "tie-in" clauses in license contracts. The situations referred to in points (a), (b) and (c) of paragraph (2) were mere examples and should be introduced by the words "in particular" to make it clear that the enumeration was not a limitative one.

32.02 Mr. SHER (Israel) said that a provision of the kind under discussion was very useful, at least for those countries which had no legislation on restrictive business practices. However, the Article should not only give examples of limitation which could lawfully be stipulated in license contracts, but it should also give examples of unlawful limitation such as tie-in clauses.

32.03 Mr. LACHMANN (United Nations) said that the examination of the validity of the license contracts from the viewpoint of whether they contained any desirable extensions of the patent monopoly should be carried out by the government authority referred to in Article 31, and should be carried out at the same time as such government authority examined the license contract from other viewpoints as well. Consequently, Article 32 should be replaced by an addition to Article 31. This would result in Article 31 having the following structure: Paragraph (1) of Article 31 would be as it is in the Draft, subject to the amendments outlined during the discussion. Paragraph (2) would provide that in passing on the license agreements, the administrator of the authority concerned would, among other criteria, take into consideration the following: (a) the contract's effect on economic development, (b) the contract's effect on the balance of payments, (c) the reasonableness of the limitations imposed upon the licensee with regard to the degree, extent, territory, etc., of the exploitation. All these matters would be subjected to the discretionary evaluation of the administrative authority, and it would not be necessary to pass judgement on the question of whether the limitations were legal or illegal. Whether such clauses should be allowed to survive or not would then be judged from an economic point of view by the administrative authorities of the government.

32.04 Mr. LADAS (International Association for the Protection of Industrial Property and International Chamber of Commerce) said that, to take an example, the US anti-trust law dealt with patents and with restrictions in licensing contracts, not in themselves, but from the viewpoint of whether restrictions in such agreements prevented or distorted competition. In passing upon such questions the courts had to look on the entire economic situation involved. A patentee is allowed to fix the price of the product sold by his licensee but he usually loses this right if he (i.e. the patentee) has several licenses or several patents. In other words, the problem was not really whether a clause in an individual agreement was valid, but whether that clause, taken in the context of the whole economic situation, amounted to restraint of trade or not. Paragraph (1) did not say anything about restraint of trade although this was the most important factor. Consequently, the best solution would be the one recommended by Mr. Lachmann. The government authority, to which the license contract would be submitted for approval, would look at each clause of the agreement in the context of the whole economic situation involved.

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contributed an inventive activity, shall 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 paragraph (1) above.

Article VI

Applicability of Other Provisions

Articles 24, 26, 46 (with the exception of paragraph (4)), 47, 48 and 58 of the present Law shall be applicable by analogy to inventors' certificates.

ANNEX B : PATENTS OF INTRODUCTION

Section XIII (or XII) : Patents of Introduction

Article I

Grant of Patents of Introduction

For any invention, the subject of a patent in force in another country, a patent of introduction may be granted to the registered owner of the foreign patent provided that the product, the subject of the patent, has not been manufactured or sold in the country or that the process, the subject of the patent, has not been applied there.

32.05 The DIRECTOR said that, without taking sides, he wanted to call to the attention of the Committee a basic difference between Articles 31 and 32. Article 31 dealt only with situations in which foreigners or payments abroad were involved, whereas Article 32 dealt also with situations which were entirely domestic. Naturally, one of the questions which the government authority might take into consideration under Article 31 was the question whether the license contract was in restraint of trade. However, Article 32 interested not only the government but also the licensee. The latter might attack, before a court, the license contract and ask for those clauses of his contract to be declared invalid which were in restraint of trade.

32.06 Mr. LACHMANN (United Nations) said that when he made his last proposal he was under the impression that Article 31 would be modified according to the suggestions by Mr. Finniss, that is, that it would extend to all license agreements, even to those which had no foreign element in them.

32.07 The DIRECTOR said that he did not understand the intervention of Mr. Finniss as tending to enlarge the field of application of Article 31. He was under the impression that Mr. Finniss had wanted to point out the limited scope of that Article.

32.08 Mr. FINNISS (International Patent Institute) said that his intervention referred to Article 31 as it appeared in the Draft, that is, the provision speaking about "foreigners." Naturally, if the Article were to speak about "payments made abroad," then the difficulties to which he called the attention of the Committee disappeared.

32.09 The CHAIRMAN said that it had been decided that Article 31 would speak about payments abroad.

32.10 The DIRECTOR said that the US anti-trust law would not be easy for developing countries to follow because it was very complicated and required long judicial experience in its application. Article 32 was perhaps less flexible, but it would certainly be more easy to apply. It would seem to be preferable not to insert in Article 31 the ideas contained in Article 32. On the one hand, such insertion was not necessary, because when the government agency examined a license contract it might well make its approval dependent on the restrictive aspects of such contract. It might also be that the government authority would approve a license contract even if it contained restrictive clauses. Even then, however, it would be possible to disregard these clauses or attack them before a court. Thus, maintaining Article 32 was important also for the private interests of the licensee.

32.11 Mr. MASSALSKI (International Federation of Patent Agents) said that Article 32 was capable of having much more serious consequences than Article 31. According to Article 31 it was possible not to approve a license, but according to Article 32 some clauses of a license contract, signed and possibly also approved by the government authority, would be null and void ab initio.

32.12 The CHAIRMAN said that the Article would be maintained in the Draft, subject to the drafting changes referred to by the Director.

Article 33

33.01 The DIRECTOR said that Articles 33 and 34 dealt with two cases for compulsory licenses: the first with compulsory licenses in the case of non-working, and the second with compulsory licenses in the case of interdependence of patents. The discussion on the previous days had shown that there was probably a third case in which compulsory licenses should be permitted. This would be the case of products and processes declared to be of vital importance for the country. They could be discussed after Articles 33 and 34, or between the two. As to Article 33, dealing with non-working, several proposals had been made, particularly by the French and U.S. Governments, and some of these proposals seemed acceptable. They would make the provision more compact. Paragraph (1) contained five points, from (a) to (e). As to point (a), the French Government proposed that the words "to a sufficient extent" be replaced by a reference to paragraph (3) which defined what working consisted of. This amendment would make the provision more definite, as "sufficient extent" was rather difficult to construe. Point (b) would also allow the granting of compulsory licenses for importation. Point (c), on the other hand, would allow the granting of compulsory licenses in order to prevent excessive importation. As to point (d), the French Government proposed that part (i) of this point be deleted as being already comprised in the wider provision of part (ii). The observation was correct and could be adopted. As to point (e), the French Government made the observation that it was already covered by Article 32. It could, therefore, be deleted without any harm. This suggestion would also help to simplify the Article and should be followed. Paragraph (2) provided that a compulsory license should not be granted if the patentee justified himself by legitimate reasons. This provision was necessary as there were patents which could not be exploited for several years because of the nature of the invention (for example, patents relating to the construction of bridges or railroad locomotives). It was important to note that the same paragraph provided that importation should not constitute a legitimate reason. Finally, paragraph (3) defined the notion of "working."

33.02 The CHAIRMAN said that the Spanish translation of paragraph (1) was defective. "Cuando" should be inserted as the first word at the beginning of each of the five points (a) to (e).

33.03 Mr. BARREDA (Inter-American Association of Industrial Property) said that, instead of making a patent subject to compulsory license on request of a would-be exploiter, the law should oblige the patentee to offer to license the use of his patent. He should make this offer by publishing an announcement in the official gazette or in newspapers. Such a method would be particularly useful in countries in which the patents were not published by the Patent Office and there would therefore be no other way for the general public to know about the patent than by reading the announcement offering licenses.

33.04 The DIRECTOR said that, according to the Draft, it would not be possible for any country not to publish the patents it granted, or at least a summary of the claims. The possibility of public offering of licenses was covered by the Draft, although in a different context, in Article 43.

33.05 Mr. MASSALSKI (International Federation of Patent Agents) said that the need for a provisional or compulsory license was obvious and it was not subject to discussion. The text of paragraph (1) was still too long and complicated and gave the impression that compulsory licenses could be granted for almost any reason. This would considerably diminish the value of patents and would deter investment, so important for developing countries. The words "on reasonable terms" in point (b) were particularly vague and could be interpreted quite arbitrarily. It would be enough to replace the whole text of paragraph (1) by a provision stating that if a patented invention capable of being exploited in the country were not exploited within the terms of paragraph (3), on reasonable terms, then a compulsory license could be granted.

33.06 Mr. LACHMANN (United Nations) said that the main purpose of the patent system in developing countries was the stimulation of the introduction of new technology in these countries. The Draft with its various waiting periods did not adequately satisfy this need. What the Draft should provide was that where a patent was not being worked in the country by the patentee, a compulsory license should be granted to any other person who made a reasonable proposal to work it. Such a compulsory license should be available not only after three or four years, as proposed by the Draft

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but any time before it as well. One could propose, for example, that when a compulsory license was being applied for, the patentee be given a short period, for example, six to twelve months, to come forward with his own proposal to work the invention. If the patentee did not come forward with a reasonable proposal within this period, then the compulsory license should be granted immediately. There was a second problem which should also be considered in connection with non-working. It concerned the situation in which, after a certain period of time, it became apparent that the patent given should not be worked in the country because of the economic conditions or other important reasons prevailing in the country. There were many invention which, by their nature, were totally unsuitable for exploitation in countries having only very rudimentary industrial plants. In such a case the patent had completely failed its purpose and was merely an obstacle to the importation of competing, cheaper products. In such a case, a patent should be declared to lapse, after a certain time from the date of its grant, for example, three years.

33.07 Mr. SHER (Israel) said that his country's experience with a provision of the kind contained in Article 33 of the Draft had been good. Although the cases where compulsory licenses were applied for were not frequent, the provision still served a purpose, namely, that the patentees, in order to avoid compulsory licenses, were more inclined to give contractual licenses on reasonable terms. The last proposal made by Mr. Lachmann tending to repeal patents was not acceptable. It would mean that many patents would be granted only for three years. This would render the patent system nugatory.

33.08 Mr. TALERNGSRI (Thailand) said that he agreed with the last proposal made by Mr. Lachmann, namely, that patents should be revoked if they were not worked within a certain period of time after their grant. Patents were granted in order to develop local industry and to acquire foreign technical knowledge and know-how, and if these were not forthcoming within a reasonable period of time --six or seven years--the patent should lapse.

Sixth MeetingWednesday, October 21, 1964: Afternoon *Article 33, continued.

33.09 The CHAIRMAN welcomed Mr. Sumodiredjo, Expert for Indonesia.

33.10 The DIRECTOR said that whatever the Committee might later decide on revocation and compulsory licenses, even in the case of working, it would be desirable first to deal with the question of compulsory licenses for non-working and complete the discussion of Article 33. At the present stage of the discussion, this Article would be amended in the following three respects: first, in paragraph (1) (a), the words "to a sufficient extent" would be replaced by a reference to paragraph (3); second, paragraph (1)(d)(i) would be deleted; third, paragraph (1)(e) would be deleted.

33.11 Mr. BENDRIS (Algeria) said that the three to four years' waiting period provided for in Article 33 seemed to be too long, although he recognized that it could not be shortened too much either, because of the time needed to introduce new techniques. It was important to emphasize that not only Article 33 but also Articles 31 and 32 of the Draft were of the greatest significance to developing countries. They were the Articles which received the greatest attention and were most welcome in his country. Perhaps some drafting improvements could be made in them but they were basically sound and should be included in the new Draft without changing any of their main features.

33.12 Mr. SELLAYAH (Ceylon) said that Article 33 should be accepted as it was in the Draft and subject only to the amendments enumerated in the last intervention of the Director. The suggestions made by Mr. Lachmann should be mentioned in the Commentary, so that the attention of the countries would also be called to those possibilities.

* Mr. Peltzer being absent, Mr. Jogarao was in the Chair.

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33.13 The CHAIRMAN said that it had been decided to include Article 33 in the revised Draft, subject to the amendments suggested by the Director.

33.14 Mr. Jogarao (India) said that on the basis of the experience which his country, India, had gained in connection with a similar provision in the Indian Patent Law, he could affirm that the kind of provision under discussion was necessary and useful for developing countries. He wanted to express his appreciation to BIRPI for having dealt with the problem of compulsory licenses and given it careful consideration.

Article 33 bis

33bis.01 The DIRECTOR said that, before turning to Article 34, the Committee might wish to probe a little more into the question which he had raised during the morning session, that is, the possibility of a compulsory license which could be granted regardless of any waiting period. In this connection, the Committee might wish to bear in mind the observations made by Mr. Lachmann who said that the term of three or four years provided for in Article 33 was too long and who proposed that the patentee should declare after a much shorter period of time whether he intended to exploit his invention or not.

33bis.02 Mr. LACHMANN (United Nations) asked for permission to interrupt in order to clarify his proposal which was not quite as radical as the last words of the Director would seem to indicate. He wanted to distinguish between two cases. The first was the case in which a potential licensee came forward with a practical plan for working a patent, and came forward with it before three or four years had elapsed since the grant of the patent. In this event, the potential licensee should not be asked to wait for several years. Instead, the patentee should be put on notice of, say, six or twelve months, during which he could either start the working of the invention himself or come forward with a reasonable plan for working to start within a reasonable period of time. If he failed to do either of these, the compulsory license would be granted. The other case would be where nobody was ready to work the invention, neither the patentee nor anyone else. In this case, the patent protection should not continue, because its sole effect would be to give the patentee an import monopoly. In such case, after the expiration of three or four years from the grant of the patent, the patentee should be put on notice that unless he came forward with a plan for working within a reasonable time, his patent would be repealed.

33bis.03 The DIRECTOR said that the right balance between patent protection and compulsory licenses was extremely delicate. It was like the holes in the Gruyère cheese. The patent was the cheese and the compulsory licenses were the holes in it. Too many holes would make the cheese unattractive to buyers. Too stringent working provisions, too many possibilities of granting compulsory licenses, would deprive patents of their value. Inventors and industrialists would no longer apply for them and would seek to go to other countries to establish their plants and invest their money. A draft model law which would make the grant of compulsory licenses very easy might look attractive on paper to the governments of developing countries, but it would be a disservice to them if they adopted such a law, because it would deter investment and industrialization.

33bis.04 Mr. FINNISS (International Patent Institute) said that he fully shared the views of the Director. Developing countries needed technical knowledge and know-how and desired rapid industrialization. One of the possibilities of attaining these goals was attracting foreign know-how and foreign capital through patent protection. Consequently, it was inadvisable to weaken the patent system too much. The question was one of just equilibrium between exclusive rights and compulsory licenses.

33bis.05 Mr. SHER (Israel) said that one should never lose sight of the main purpose of patents for developing countries. The main purpose was not information on new inventions through disclosure in the patent. This information was available to developing countries through technical literature and the patent specifications of other countries. What was important for developing countries was that they should acquire technical know-how through the working of the patent in cooperation with the patentee. Know-how could not be obtained by force or by compulsory licenses. It could only be obtained by the voluntary cooperation of the patentee. Consequently, developing countries needed a patent system which was sufficiently attractive for the patentee to come into the country, work his patent there, and share his know-how with the local industry. Nevertheless, there were certain areas where the working of the patent in the country might be of special urgency to public interest. Foods and drugs belonged primarily in this area. Special provisions might be in order in this respect and possibly in other fields vitally important to the national economy, e.g., iron or oil. But the revocation of patents because of non-working, as suggested in the second of the two proposals of Mr. Lachmann, would go too far and should be avoided.

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33bis.06 The DIRECTOR said that the discussion seemed to reveal the desirability of introducing a new article after Article 33, which should provide that the governments of the country might, by order, stipulate that the granting of compulsory licenses could take place without any waiting period, if the patent related to products and processes which were of vital importance for the defense of the country, or to its economy, or to public health. Such a compulsory license would allow the working of the patented invention in the country as well as the importation into the country of the patented product or of the product resulting from the patented process.

33bis.07 The CHAIRMAN noted that there were no further observations and the proposals of the Director met with general approval.

Article 34

34.01 The DIRECTOR read and explained Article 34, dealing with compulsory licenses based upon the interdependence of patents.

34.02 The CHAIRMAN noted that the Draft was not the subject of any suggestions on the part of the members of the Committee and could be regarded as meeting with their approval.

Article 35

35.01 The DIRECTOR read and explained Article 35 which provided that, before a compulsory license could be granted, the applicant must furnish evidence showing that he had asked for a contractual license from the patentee but was unable to obtain one on reasonable terms.

35.02 Mr. MONTES (Haiti) said that since this Article called for contacting the patentee, and since the patentee was frequently a resident of a foreign country, there should be a provision which obliged the patentee to elect domicile in the country.

35.03 Miss BATCHELOR (Uganda) said that the Article should also provide for the case where the patentee could not be traced.

35.04 Mr. BENDRIS (Algeria) said that it was indispensable that a foreign patentee appoint an agent in the country who should act on his behalf in connection with contractual licenses. This provision could be inserted in Article 12.

33.05 Mr. MONTES (Haiti) said that it was not enough to oblige the patentee to appoint an agent. The patentee should be obliged to elect domicile; otherwise the decisions of the administrative authorities could not be enforced vis-à-vis the patentee. Such decisions could not be enforced vis-à-vis agents.

35.06 The DIRECTOR said that if the patentee could not be located, then it was proven facto concludente that it was not possible to obtain a contractual license. As to the notification of the patentee, perhaps the best solution would be to provide that he must be notified by registered letter and that, if he was a foreigner, two letters should be sent, one to his elected domicile, as provided in Article 12, and one to his address abroad.

35.07 The CHAIRMAN said that this was a rather small procedural matter, and could be resolved in the course of the drafting of the revised text.

Article 36

36.01 The DIRECTOR read and explained Article 36, providing that a compulsory license could only be granted if the applicant offered sufficient guarantee that he was in a position to remedy the deficiencies which gave rise to the grant of the compulsory license. It was only natural that compulsory licenses should be granted only to persons who were in a position to work the invention and were able to satisfy the requirements set out in the decision obligating the patentee to grant a license. Naturally, the provision did not relate to compulsory licenses granted under Article 34.

36.02 Mr. SHER (Israel) said that a compulsory licensee might not be able to remedy all the deficiencies, but only part of them.

36.03 The DIRECTOR replied that the problem could be taken care of by adding the word "sufficiently" before the words "to remedy."

36.04 The CHAIRMAN said that, subject to this amendment, the Article appeared to meet with the general approval of the Committee.

Article 37

37.01 The DIRECTOR read and explained Article 37, which provides that compulsory licenses shall be non-exclusive and that they may contain restrictions and be subject to specified conditions. It was important that compulsory licenses be non-exclusive because otherwise not even the patentee could compete with the compulsory licensee. In such a situation the compulsory license would amount to expropriation, which was evidently not intended.

37.02 Mr. LACHMANN (United Nations) said that he did not very well see how anybody would seek a compulsory license if he were not given a monopoly of exploitation. Why would a compulsory licensee invest in the exploitation of an invention if he had to compete with the patentee or other licensees, or the imported products of the patentee?

37.03 The CHAIRMAN said that it was left to the discretion of the government authority to decide how many compulsory licenses it should authorize, and under what conditions. In making this decision, the government authority would doubtless keep in mind that it had to give a sufficiently strong position to the licensee to make it worth while for him to exploit the invention.

37.04 The DIRECTOR said that as far as the problem of importation was concerned, the conditions of the compulsory license could take care of it. As to the non-exclusiveness of compulsory licenses, it should be noted that once a compulsory license was granted, it frequently became an exclusive license de facto since nobody else was going to consider it worth while to ask for a compulsory license. In any case, the possibility to grant several compulsory licenses, and the possibility for the patentee to compete with the compulsory licensee, should be left open in the very interest of the country, because it was important for the country that the invention be exploited to the greatest possible extent.

37.05 Mr. SHER (Israel) said that, according to what was usual in other laws, restrictions and conditions for a compulsory license were generally imposed on the licensee only and not on the patentee. Importation could be prevented. This, however, need not be done in the compulsory license but by the general government regulations on the importation of foreign goods. If there was any restriction or obligation which might be imposed on the patentee by virtue of the Article under consideration, this should be specified in the text of the Draft.

37.06 The DIRECTOR said that the revised text of the Article would make it clear that the restrictions might relate both to the licensee and the patentee.

Article 38

38.01 The DIRECTOR read and explained Article 38, dealing with the assignment of compulsory licenses.

38.02 The CHAIRMAN noted that there were no observations on the part of the members of the Committee.

Article 39

39.01 The DIRECTOR read and explained Article 39, providing that compulsory licenses may be granted only subject to the payment of adequate royalties determined by the extent to which the invention was going to be worked.

39.02 Mr. BENDRIS (Algeria) suggested that the Article provide that the amount of the royalty shall be fixed after obtaining the advice of the Conseil supérieur économique et social, or whatever body might correspond to it in countries other than Algeria.

39.03 Mr. SHER (Israel) suggested that all procedural questions should be discussed in connection with Article 42.

39.04 The DIRECTOR said that the suggestion made by Mr. Bendris seemed to be adequately covered in Article 42.

Article 40

40.01 The DIRECTOR read and explained Article 40, providing that compulsory licenses may, at the request of the interested party, be registered at the Patent Office, upon payment of a fee, and that the compulsory license shall have no effect against third parties if it is not registered. This text should provide for compulsory registration.

40.02 Mr. SHER (Israel) said that there should be no fee for the registration. It should be done ex officio upon notification by the authority having granted the license.

40.03 The CHAIRMAN said that there should be no fee.

40.04 The DIRECTOR said that the court allowing the compulsory license would notify not only the parties but also the Patent Office, which would proceed to the registration.

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40.05 Mr. LACHMANN (United Nations) said that lack of registration should not make the license invalid but merely ineffective vis-à-vis third parties.

40.06 The CHAIRMAN said that this was understood.

40.07 Mr. BENDRIS (Algeria) said that copies of all acts relating to assignments and to licenses, whether compulsory or contractual, should be required to be filed with the Patent Office.

40.08 Mr. SHER (Israel) said that, of course, filing should be required only for such licenses as related to production within the country.

40.09 The DIRECTOR said that for both types of licenses --contractual and compulsory--the revised Draft would provide that they "shall" be registered. However the consequences of non-registration would not be nullity, but merely lack of effectiveness in respect of third parties.

Article 41

41.01 The DIRECTOR read and explained Article 41, relating to the amendment and cancellation of compulsory licenses.

41.02 Mr. LACHMANN (United Nations) said that the Article made the seeking of compulsory licenses very unattractive. Why should anybody invest in exploiting an invention on the basis of a compulsory license when he would have to compete with the patentee or the patentee's contractual licensees, and when the compulsory license might be withdrawn?

41.03 Mr. SHER (Israel) said that the objections of Mr. Lachmann could be taken care of by changing, in paragraph (1), the word "shall" to "may." Then, the competent authority could take into account the interests of the licensee when considering a request that the compulsory license be cancelled.

41.04 Mr. MACAULAY (Sierra Leone) agreed with the observations made by Mr. Lachmann. The provision should be amended so that the risks that the holder of a compulsory license runs of seeing his license revoked would be diminished.

41.05 Mr. MASSALSKI (International Federation of Patent Agents) said that since compulsory licenses would be non-exclusive there was no need to make them revokable. It would be unjust to revoke a compulsory license after the licensee had made his investment.

41.06 The DIRECTOR said that the Article should be re-drafted. The order of the first two paragraphs should be changed. Cancellation should be left to the discretion of the court.

Article 42

42.01 The DIRECTOR read and explained Article 42, dealing with the procedure for granting compulsory licenses. In examining countries, compulsory licenses could be granted by the Patent Office, but this was clearly not possible in non-examining countries. In the latter, it was up to the courts to grant the licenses. As to appearance before the court, the United States Government suggested that the Article provide that the parties be given reasonable time to appear. This was only natural, and should be stated.

42.02 Mr. SHER (Israel) suggested that a new paragraph be added, providing that the terms of the compulsory license should be considered to constitute a valid contract between the patentee and the licensee.

42.03 Mr. BENDANA (Nicaragua) said that economic experts rather than ordinary courts should fix the conditions of compulsory licenses.

42.04 Mr. TALERNGSRI (Thailand) asked whether a compulsory license could be granted even though the patentee gave a contractual license to another person in the country.

42.05 Mr. SHER (Israel) said that if more than one compulsory license were granted they should all be granted under the same terms.

42.06 Mr. MACAUALY (Sierra Leone) asked what would be the legal consequences if the patentee did not respond to the summons of the court.

42.07 The DIRECTOR said that the first suggestion of Mr. Sher could usefully be incorporated in the Draft. As to the remarks of Mr. Bendaña, it should be noted that the court could always surround itself with all the expert advice it considered desirable. The reply to the question of Mr. Talerngsri was affirmative. As to the point raised by Mr. Macaulay, the reply was that the court could proceed even when the patentee did not appear.

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42.08 Mr. TALERNGSRI (Thailand) said that when a compulsory license was granted, all contractual licenses should be rendered ineffective so that the compulsory license would have a monopolistic position in the country.

42.09 Mr. MACAULAY (Sierra Leone) asked that the text be modified so as to make it clear that the court could proceed even if only one of the parties had appeared.

42.10 Mr. JOGARAO (India) said that in paragraph (2) the words "in the absence of agreement between the parties" should be deleted.

42.11 Mr. LARRAGUIBEL (Chile) suggested that the summons of the court should be sent by registered letter to patentees residing abroad.

42.12 Mr. MACAULAY (Sierra Leone) said that in paragraph (1) the words "if they respond to the summons" should be deleted. The Article did not go into any further procedural details since the laws concerning court procedure would apply in any case.

42.13 Mr. JIMENEZ (El Salvador) agreed with the speakers who said that, since the general procedural laws of each country would apply anyway, there was no need to try to regulate the details of summons and other like questions.

42.14 Mr. SHER (Israel) said that foreign patentees should be required to file a local address with the Patent Office for the purposes of service within the country.

42.15 Mr. LADAS (International Association for the Protection of Industrial Property and International Chamber of Commerce) said that the words "in the absence of agreement between the parties" should be left in paragraph (2). It was in the interest of the compulsory licensee himself to arrive at a more or less amicable agreement with the patentee because only in this case would he be able to obtain the patentee's know-how.

42.16 The DIRECTOR agreed with Mr. Ladas. The soundest procedure was that the court should declare first that it would grant a compulsory license. At the same time it should give a few days or weeks to the parties to try to agree on the terms. Only in the event of failure to agree should the court itself fix such terms.*

* Here follows the part relating to Articles 51 to 54.

Seventh MeetingThursday, October 22, 1964: MorningArticles 51 to 54

51/54.01 The CHAIRMAN* said that in view of the fact that Mr. Kopelmanas, one of the representatives of the United Nations Secretariat who was particularly interested in the question of know-how, would not be available in the afternoon, the discussion of Articles 47 to 50 would be reserved for later and the meeting would first consider Part II of the Draft, entitled "Technical Know-How."

51/54.02 The DIRECTOR said that most licensing contracts concerned not only the use of a patented invention, but also the unpatented know-how which made the use of the invention easier and more economical. Since the Draft contained several provisions on the control of licensing agreements, it was both logical and useful for developing countries to be able to control at the same time contracts relating to know-how. This was one of the main reasons for including know-how in the Draft. Another important reason was that protection against the dishonest use of secret know-how, which the Draft provided, would encourage foreign investment in developing countries and the introduction into these countries of new technological knowledge.

51/54.03 Mr. SHER (Israel) said that the transfer of technological knowledge was too broad a subject to be completely dealt with in a patent law. Such transfer had many aspects: aspects of patenting, control of foreign investment, control of foreign exchange, general industrial planning, acquisition of know-how, etc. A patent law should only deal with genuinely patent matters. Know-how and other questions also possibly related to the transfer of technology should be the subject of a separate study. The Draft should not deal with know-how. The Commentary should merely refer to the existence of the problem.

51/54.04 Mr. MASSALSKI (International Federation of Patent Agents) said that the Draft should not deal with the question of know-how.

* Mr. Peltzer had returned to chair the meetings.

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51/54.05 Mr. POINTET (International Chamber of Commerce) said that the question of know-how was a proper subject for industrial property law and thus came within the framework both of the Paris Convention and of any patent law. Appropriate provisions on know-how increased the security of the investor and thus enhanced the chances of investment. They also strengthened the position of the licensees and thus were of special advantage to developing countries.

51/54.06 Mr. KANANI (Sudan) said that the Draft would be more attractive to developing countries if it contained provisions on know-how. Of course, any country could simply omit this part of the law if it did not consider it to be to its advantage.

51/54.07 Mr. VON HOLSTEIN (Council of Europe) favored the regulation of know-how in the Draft itself.

51/54.08 Mr. POINTET (International Chamber of Commerce) said that whereas the International Association for the Protection of Industrial Property was of the opinion that the question of know-how should only be treated in the Commentary, the International Chamber of Commerce favored inclusion in the Draft itself.

51/54.09 Mr. JOGARAO (India) said that adequate protection of know-how increased the chances of investment and accelerated the introduction of new methods. Consequently, the Draft, modelled for the needs of developing countries, should contain provisions along the lines of Articles 51 to 54.

51/54.10 Mr. KOPELMANAS (United Nations) said that the need for protection of know-how was evident. The question was whether the protection should rest on a law or on contracts between licensors and licensees. The Draft dealt with the protection not of any know-how but only of secret know-how, against "stealing" of the know-how by unfaithful employees and other cases of "industrial spying." There was no need to make any special provisions on the protection of secret know-how, and especially not in a patent law. The protection, in such cases, resulted from the provisions of the laws on unfair competition, employment relations, contracts, etc. The Draft, since it only dealt with secret know-how, could be interpreted, a contrario, as meaning that non-secret know-how was not protected. This, however, would be a mistake, since non-secret know-how needed protection too. As the studies on this last aspect of the problem were not completed, the question was not ripe for action. The Commentary should indicate the existence of the problem of protection of both secret and non-secret know-how and should underline the need for further study. But the Draft itself should not contain any model provisions.

51/54.11 Mr. BENDRIS (Algeria) said that it was very desirable, for developing countries, that the model law contain provisions on know-how. The Articles under discussion should be maintained in the Draft. The Commentary should mention the various suggestions made by members of the Committee and observers.

51/54.12 Mr. SHER (Israel) said that the protection provided for in the Draft was a world-wide monopoly, unlimited in time. Unlike patents, know-how would be protected even if there was no registration or grant in the country, and it would be protected indefinitely.

51/54.13 The DIRECTOR said that there was no question of monopoly. Any person who, independently of the person who first developed the know-how, developed the same know-how, might freely use it or license its use. More studies on know-how might result in better solutions but developing countries who wished to legislate on matters of inventions would probably find it advantageous for them to legislate at the same time on know-how, and therefore the Draft should contain model provisions. Naturally, any country was perfectly free to leave out the whole section on know-how.

51/54.14 Mr. JOGARAO (India) said that, whether in the same law with patents or separately, developing countries needed a model law on the question of know-how, since facilitating the transfer of know-how to them was in their paramount interest. The Articles on know-how should be maintained in the Draft. Any country not wishing them could omit them.

51/54.15 The DIRECTOR, in reply to the observations of Mr. Kopelmanas, said that the general laws of a country, particularly of a developing country, might not contain any provision on unfair competition, trade secrets, etc. Consequently, if one wanted to regulate the question, special provisions on know-how were indispensable. The control by the government of contracts licensing the use of know-how would extend both to secret and non-secret know-how. In this respect, then, the scope of the provisions was broader than indicated by Mr. Kopelmanas.

51/54.16 Mr. KOPELMANAS (United Nations) said that more studies were needed. Perhaps the solution lay in the direction of recommending model contracts rather than model laws. It would be preferable to refer to the problem in the Commentary only and not in the Draft itself.

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51/54.17 Mr. LACHMANN (United Nations) said that a great difference existed between questions concerning inventions and those concerning know-how in that there was at least a century's experience and many examples of legislations in the first field but both were missing in the second. It would be misleading to present to governments model provisions on inventions and know-how, quasi as a package, when the solutions proposed for the latter were so much less tested in practice, so much less based on experience, and so much less detailed. The Committee should not give the impression that it was ready to give solid advice on know-how when it was not. More studies were needed. They had been started several years ago in the United Nations and would certainly go on in the future, in cooperation, it was hoped, with BIRPI.

51/54.18 The DIRECTOR said that, within the limited scope of the Draft in relation to know-how, sufficient knowledge and experience existed, and model provisions could be proposed. The Draft proposed protection against disloyal or other dishonest disclosure of secret know-how. This was neither unusual nor very difficult to draft. Many precedents existed. The other thing that the Draft provided for was the possibility of government control of contracts relating to the transfer of know-how. This was obviously desirable for developing countries, and the presentation of model provisions was neither dangerous nor premature.

51/54.19 Mr. VILORIA (Venezuela) said that the matter required further research and study, and the recommendations should be included only in the Commentary.

51/54.20 Mr. BARREDA (Inter-American Association of Industrial Property) said that model provisions on know-how were desirable. That they were simple and brief in the Draft was only an advantage. They should be maintained in the Draft.

51/54.22 Mr. SELLAYAH (Ceylon) said that it was extremely important for developing countries to come to grips with the question of know-how. Perhaps better suggestions could be imagined, but since nobody offered any suggestions for improving those contained in the Draft, BIRPI should be thanked for the initiative, and the provisions maintained in the Draft.

51/54.22 The CHAIRMAN said that it seemed to be the consensus of the Experts that the provisions should be maintained in the Draft, and that the discussion should be reflected in the Commentary.

51/54.23 Mr. JIMENEZ (El Salvador) agreed with the suggestion of the Chairman.

51/54.24 Mr. MOSQUERA (Colombia) said that developing countries should be grateful for having this difficult problem tackled in the Draft. He agreed with the suggestions of the Chairman and of Mr. Barreda.

51/54.25 Mr. TALERNGSRI (Thailand) said that no provisions on know-how should be included in the Draft. They discouraged disclosure, as they gave protection to know-how without disclosure, a requirement which was the condition of patent protection.

51/54.26 The DIRECTOR said that, impressed by the observations of Mr. Lachmann, he would propose to abandon using the expression "know-how" because it might evoke questions of a vaster scope than the Draft, in the views of some, really tackled. The Draft could speak of technical knowledge, manufacturing processes, industrial techniques. This would underline the fact that the Draft did not wish to anticipate the results of the very careful and extensive studies in which the United Nations was engaged and which it planned to continue.

51/54.27 Mr. LACHMANN (United Nations) said that as long as it was made clear that the Draft did not intend to solve all the problems of know-how, but only the protection of secret know-how and the government control of license agreements dealing with know-how, he had no objections.

51/54.28 The DIRECTOR said that there were several points on which the Draft could be improved as far as its wording was concerned and these would be taken into consideration in the course of the definitive drafting. *

* Here follows the part relating to Article 43.

Article 43

43.01 The DIRECTOR explained Article 43, dealing with "licenses of right."

43.02 Mr. BENDANA (Nicaragua) asked whether there was any time-limit for applying for a license under a patent annotated "license of right."

43.03 The CHAIRMAN said that there was no time-limit.

43.04 Mr. LACHMANN (United Nations) asked whether the expression, "exploit," used in paragraph (2), also included exploitation by importation.

43.05 The DIRECTOR replied in the affirmative.

Article 44

44.01 The DIRECTOR explained Article 44, which dealt with the surrender of the patent by the patentee. The surrender must be made by written declaration addressed to the Patent Office. The same effect could be obtained by simply not paying the annual renewal fees, but in some cases a surrender of the patent might be more appropriate.

44.02 Mr. TALERNGSRI (Thailand) asked whether it was possible to surrender less than the whole patent, for example one or two claims only.

44.03 The DIRECTOR replied in the affirmative.

44.04 Mr. ARACAMA (International Association for the Protection of Industrial Property) asked whether it would not be useful to cover the case where a patent had several owners.

44.05 The DIRECTOR said that the question had better be left to the general rules of civil law.

44.06 The CHAIRMAN noted that the provision would remain as it was in the Draft.

Article 45

45.01 The DIRECTOR read and explained Article 45 and called attention to the relevant observations contained in the Commentary.

45.02 Mr. MASSALSKI (International Federation of Patent Agents) said that the question was a highly technical one and the civil courts would have to have recourse to experts.

45.03 Mr. EGBUE (Nigeria) asked what the words "interested party" really meant? It would be preferable if an action in nullity could be initiated by any person and any competent State authority.

45.04 The DIRECTOR said that the suggestion of Mr. Egbue should be accepted.

45.05 The CHAIRMAN said that the amendment of Mr. Egbue would be incorporated in the new Draft.

Article 46

46.01 The DIRECTOR read and explained Article 46, providing that the declaration of nullity would have an effect ex tunc, that is, the patent would be deemed never to have been granted. On the basis of a proposal made by the French Government, the provision should be completed, stating that the patentee of a patent declared to be null and void did not have to pay back the royalties received from his licensee as long as the licensee had effectively profited by the license.

46.02 Mr. BARREDA (Inter-American Association of Industrial Property) said that nullity might have many other effects as well, and it would be preferable to leave the regulation of all consequences to the general rules of civil law.

46.03 The CHAIRMAN said that a provision, in the Draft itself, about the royalties was necessary because it constituted an exception, peculiar to patents, to the general rules of civil law.

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46.04 The DIRECTOR said that Mr. Barreda was right in saying that nullity had many other effects too. The Commentary should state that they were naturally covered by the general rules of civil law. The provision about the royalties was, however, an exception, and should appear in the Draft itself.

46.05 Mr. TALERNGSRI (Thailand) said that it would be desirable to maintain the Article, and the provision about royalties, because in some developing countries the civil law might not clearly apply to the special case of nullity of patents.

46.06 The CHAIRMAN said that the revised provision would follow the suggestions of Mr. Talerngsri.

Eighth Meeting

Thursday, October 22, 1964: Afternoon

Article 47

47.01 The CHAIRMAN opened the discussion on Article 47.

47.02 The DIRECTOR said that Articles 47 to 50, dealing with infringements, were mainly reminders that the matter had to be regulated in a patent law. The details of the regulation, however, would have to follow the general procedural laws and traditions of each country. He then read and explained Article 47, dealing with civil sanctions.

47.03 Mr. EGBUE (Nigeria) said that the Article should define the notion of infringement and should state that, before starting action, the patentee must put the infringer on notice.

47.04 The DIRECTOR said that any unauthorized act described in Article 21 constituted an infringement, it being understood that the scope of the protection had to be interpreted on the basis of Article 23. A reference to these two Articles in Article 47 might clarify the situation. A notice to the infringer was frequently superfluous since the infringer knew that he was regarded as an infringer. In other cases, the plaintiff would send a notice anyway, in the hope of saving costs or in the hope that the court would then prescribe heavier damages.

Article 48

48.01 The DIRECTOR read and explained Article 48 on penal sanctions. It was realized that it was debatable whether a patent law should provide penal sanctions at all. Countries which did not believe in them could of course leave them out of their patent laws. But vis-à-vis infringers who have nothing to lose, because they are unable to pay damages, penal sanctions might well be the only effective deterrent.

48.02 Mr. LARRAGUIBEL (Chile) said that the Draft should define in more detail what constitutes an offence.

48.03 Mr. ARACAMA (International Association for the Protection of Industrial Property) said that requiring the proof of "intention," as Article 48 did, would probably render the provision largely ineffective in practice. At least in the cases of Article 21, point (a) --cases in which the dolus resides in re ipsa--no specific intent (dolo específico) should be required. The dolus was implicit in the committing of the act itself. The cases under Article 21, point (b), were different, and there the proof of a dolo específico should be required.

48.04 The DIRECTOR said that the definition of infringement was the same for both Articles 47 and 48. But whereas in most countries civil actions were available also in the absence of "intent" on the part of the defendant, the contrary was true in most countries as to penal actions. Of course, each country was free to modify these provisions according to its traditions.

48.05 Mr. JIMENEZ (El Salvador) said that it might be sufficient to provide that all intentional infringement shall be punished and the sanctions would be those which were provided in the general penal code of the country.

48.06 Mr. TALERNGSRI (Thailand) said that, for the purposes of developing countries, it was preferable to have a clause on penal sanctions in the patent law itself.

48.07 Mr. MACAULAY (Sierra Leone) said that he agreed with Mr. Talerngsri. The Commentary should give a full examination of the need for, and possible nature of, sanctions. The Draft should provide that the penal sanctions might consist of fines, imprisonment, or both.

48.08 Mr. BENDANA (Nicaragua) said that the Draft was detailed enough and should stand as it was.

48.09 Mr. DOWDALL (Tanzania) said that the provision should differentiate between different grades of guilt, and that the penalties should be described as maxima ("not exceeding...").

48.10 Mr. SELLAYAH (Ceylon) said that he supported the suggestions made by Mr. Macaulay and Mr. Dowdall.

48.11 Mr. JIMENEZ (El Salvador) said that the Article should provide that all intentional infringement shall be punishable by fines whose amount depended on the gravity of the infringement and which would be in conformity with the provisions of the criminal law of the country.

48.12 Mr. LARRAGUIBEL (Chile) said that what he was asking for was more detail, and more precise and exhaustive definitions of the offenses. The suggestion of Mr. Jimenez would render the Article even vaguer than it was.

48.13 The CHAIRMAN asked whether an express reference to Article 21 would satisfy Mr. Larraguibel.

48.14 Mr. LARRAGUIBEL (Chile) answered in the affirmative.

48.15 The CHAIRMAN said that the Article would contain this reference.

48.16 Mr. LARRAGUIBEL (Chile) said that the Draft should choose between a fine or imprisonment, and not leave the choice to the court.

48.17 Mr. LACHMANN (United Nations) said that it would be best to insert in the Draft merely the title of the Article and invite, in a footnote, each country to insert whatever provisions were in harmony with its own views on criminal laws.

48.18 The DIRECTOR said that most Experts wished the model law to contain some suggestions and he would go along with this view. The Commentary would indicate the necessity to adapt the stipulations to the general system of penal law in the country concerned.

Article 49

49.01 The DIRECTOR read and explained Article 49 which contained a rebuttable presumption, namely, that in the case of a patent for a process to manufacture a new product (new at the time of the patent application) the same product manufactured by a third party would be presumed to be manufactured by the patented process. He also read the relevant part of the Commentary. In other words, in an infringement suit concerning a process patent leading to a new product, the burden of proof was on the defendant: he would have to show that the same result as that achieved by the plaintiff had been achieved by him, the defendant, through a process other than the patented process of the plaintiff.

49.02 Mr. JCGARAO (India) asked whether innocent infringers could not be exempted from sanctions or should not be subjected to lesser sanctions.

49.03 The DIRECTOR replied that innocent infringers were not subjected to penal sanctions. In the case of civil remedies, the damages would certainly be set by the court with a view also to the question whether the infringer was of good or bad faith.

49.04 Mr. VILORIA (Venezuela) suggested that the Spanish text use the word "presumirá" rather than the word "supondré."

49.05 Mr. LARRAGUIBEL (Chile) agreed with the suggestion of Mr. Viloría.

49.06 Mr. MOSQUERA (Colombia) agreed with Mr. Viloría and Mr. Larraguibel, and said that the Spanish text contained some other language mistakes as well.

Article 50

50.01 The DIRECTOR read and explained Article 50, dealing with legal proceedings by licensees. In effect, the Article provided that licensees had a right to sue under their own names if the licensor did not sue himself. The provision would strengthen the position of licensees, a desirable end for developing countries. However, the Government of the United States had proposed that the provision be limited to holders of exclusive licenses.

50.02 Mr. SHER (Israel) said that, where the plaintiff was a licensee, the court should not be able to ask for the production of evidence referred to in paragraph (3) of Article 45.

50.03 The DIRECTOR said that the French Government proposed that, in suits instituted by licensees, the patentee should always be allowed to intervene.

50.04 Mr. SHER (Israel) said that joining the patentee should always be mandatory.

50.05 Mr. JIMENEZ (El Salvador) suggested that the demand to be addressed to the patentee should be required to be made by registered letter.

50.06 Mr. EGBUE (Nigeria) asked what would happen if the patentee could not be reached. In this case there would be neither refusal nor neglect by him.

50.07 Mr. BENDRIS (Algeria) said that the demand should be made by registered letter avec avis de réception or par exploit d'huissier.

50.08 The DIRECTOR said that some of the procedural details could be left to the Regulations. *

Article 55

55.01 The DIRECTOR read and explained Article 55, dealing with the competence of civil courts. The provision, of course, was highly optional. Mr. Sher had suggested in an earlier meeting that the courts should call in technical experts whenever appropriate. The French Government proposed that it be suggested to each country that it designate one court to deal with all patent cases. This would allow of specialization. The United States Government suggested that the possibility of appeal be referred to in the provision. It was, of course, always assumed that whatever possibilities for appeal against the decisions of a lower civil court existed would be available also in patent suits.

55.02 Mr. SELLAYAH (Ceylon) said that he assumed that plaintiffs would be allowed to sue in their own country even if the defendant resided abroad, and that experts might be called by the court as witnesses without the experts voting when the court decided.

* Here follows the part relating to Article 55.

55.03 Mr. FENDRIS (Algeria) said that when the patentee was domiciled abroad, the court of the city in which the Patent Office was located should have jurisdiction. In other cases, the court of the domicile of the patentee should have jurisdiction, and not only one court for the whole country, because in a country of great territorial extension such a provision would cause inconvenience to many plaintiffs.

55.04 Mr. BENDANA (Nicaragua) suggested that paragraph (2) be omitted and that the general rules of jurisdiction and venue should apply.

55.05 The DIRECTOR said that he would suggest following the proposal made by Mr. Bendris. Some indication in the Draft was desirable. The Commentary would emphasize that it was a highly optional clause.

55.06 Mr. JIMENEZ (El Salvador) said that paragraph (2) was in conflict with the laws of so many countries that it would be preferable to delete it.

55.07 Mr. BARREDA (Inter-American Association of Industrial Property) said that in infringement suits it would be only natural to center jurisdiction on the court of the domicile of the defendant, and not of the patentee-plaintiff.

55.08 Mr. SELLAYAH (Ceylon) said that paragraph (2) should be omitted. In the case of infringement suits, the court of the place of the infringement and not the court of the domicile of the plaintiff should have jurisdiction.

55.09 Mr. BENDRIS (Algeria) insisted on his earlier proposal.

55.10 The DIRECTOR said that the Commentary would make it very clear that the Draft was not intended to impose any solution.

Article 56

56.01 The CHAIRMAN opened the discussion on Article 56, entitled "Regulations," and noted that nobody asked for the floor to speak on it.

Ninth MeetingFriday, October 23, 1964: AfternoonAnnex A

57.01 The CHAIRMAN opened the discussion on Annex A of the Draft, dealing with inventors' certificates.

57.02 The DIRECTOR said that there were two Annexes to the Draft; the first dealt with inventors' certificates, the second with confirmation patents. The provisions of neither of these Annexes were indispensable in a patent law. They had been included in the Draft in order to call the attention of the countries to the existence of two possibilities which, alongside the ordinary patents, might be inserted in patent laws in countries in which the economic or social conditions would make their adoption desirable. The institution of inventors' certificates was one which suited countries, with a régime in which all means of production and practically the whole of commerce were owned by the State. In other words, it was suited to Socialist countries. The Soviet Union, Rumania and Bulgaria, and, in a somewhat different form, Poland had provisions on inventors' certificates. Hungary and Yugoslavia had experimented with inventors' certificates for a few years but had abandoned them. Under this system, the inventor could choose between asking for an inventor's certificate or for a patent. The main difference between the two was that the former gave the inventor only the right to remuneration and was unlimited in time, whereas the latter gave an exclusive right of exploitation and was limited in time, usually to 18 or 20 years. The Czechoslovak Government had expressed the opinion that Annex A did not sufficiently cover the subject and that Czechoslovakia reserved to itself the possibility of making a better Draft concerning inventors' certificates.

57.03 Mr. LARRAGUIBEL (Chile) said that inventors' certificates were of no interest to most developing countries since most of them lived under an economic and social régime in which private property prevailed and was encouraged. There was practically no information available on how the system of inventors' certificates worked in those Socialist countries in which it had been adopted. Perhaps the representatives of the United Nations could give some information. In any case, this typically Communist type of legislation appeared to be of no practical interest to any of the countries represented in the Committee.

57.04 Mr. BENDRIS (Algeria) said that the institution of inventors' certificates was not necessarily limited to Communist countries. It could also be used by Socialist countries in which the economic planning was centrally directed. In such an economy inventors might wish to offer their inventions to the State for exploitation and would naturally ask for some remuneration corresponding to the usefulness of their invention. In certain countries, and among them in Algeria, there were three sectors: the private sector, the State sector, and the socialist sector, the last one being a sector in which workers as a collectivity exploited the enterprise in which they worked. For this third sector too, the system of inventors' certificates might be useful. Annex A should be maintained in the Draft.

57.05 Mr. EGBUE (Nigeria) said that he was in favor of retaining Annex A in the Draft. In these days of active government participation in all spheres of activity, it might well be that governments wished to own and exploit inventions in certain fields and would merely pay a remuneration to the inventor.

57.06 Mr. LACHMANN (United Nations) said that, in the case mentioned by Mr. Egbue, any government could use the possibilities of compulsory licensing or expropriation even in a patent system. In this connection it might be desirable to add a new provision to the Draft which would provide that a State had the right to place a patent under compulsory license, or to expropriate it, if it wanted to exploit it in a government enterprise in the public interest.

57.07 Mr. BARREDA (Inter-American Association of Industrial Property) said that patents and inventors' certificates were fundamentally different. They were mutually exclusive. In any case, authors' certificates did not favor investment and industrialization and therefore should be avoided by developing countries.

57.08 Mr. MOSQUERA (Colombia) said that the system of inventors' certificates was unknown to all countries represented in the Committee and was contrary to the patent systems prevailing in them, particularly in all Latin-American countries. Consequently, the Committee was really dealing with a subject about which it knew practically nothing and concerning which it should not make any recommendations. The Draft should not contain the provisions appearing in Annex A.

57.09 Mr. TALERNGSRI (Thailand) said that he supported the suggestion made by Mr. Lachmann tending to allow expropriation by a State of patents for the sake of security or public interest. As to the inventors' certificates, he noted that the Czechoslovak Government thought that the Draft was insufficient. The Committee was certainly not in a position to improve upon it since it had no experience of inventors' certificates. In any case, inventors' certificates were of no interest to countries with a private property and private enterprise system. Consequently, it was also of no interest to Thailand.

57.10 Mr. MACAULAY (Sierra Leone) said that the presence of provisions on inventors' certificates in the Draft was harmless because no country could be forced to adopt them. Furthermore, it should not be overlooked that even in countries which had a system of inventors' certificates, the inventor had a free choice between patents and certificates. Inventors' certificates might be useful in cases where there was no private capital available to exploit an invention. In such cases, offering the invention to the State might be advantageous to the inventor, because if the State exploited it he would receive some remuneration. The Annex should be maintained in the Draft.

57.11 The DIRECTOR, in reply to Mr. Barréda, said that the systems of patents and inventors' certificates were not mutually exclusive. The two could exist in the same law. In fact, they did co-exist in the laws of all countries which had the system of inventors' certificates. The inventor was free to choose between applying for a patent and applying for an inventor's certificate. The revised Draft would make this freedom of choice even clearer. With this clarification in mind, the Committee might be more willing to agree that the provisions be maintained in the Draft. It went without saying that all countries which had economic social systems incompatible with inventors' certificates, or which, for other reasons, did not want to introduce inventors' certificates, could limit their law to patents.

57.12 Mr. SELLAYAH (Ceylon) said that the notion of inventors' certificates should be brought to the attention of interested countries not necessarily as an Annex to the Draft, but perhaps merely as a part of the Commentary.

57.13 Mr. BENDRIS (Algeria) said that objectivity required that inventors' certificates be mentioned in the Draft. Adopting or not adopting inventors' certificates was not necessarily a political question. In Soviet Russia there was a tendency to get away from inventors' certificates and enhance the importance of patents. In Algeria, while patents were preferable in many sectors of industry, there were others--such as the socialist sector--in which inventors' certificates might be preferable.

57.14 Mr. BENDANA (Nicaragua) said that the system of inventors' certificates was superfluous. If the inventor wanted to part voluntarily with his rights, he could sell his patent to the State. If the State wanted to obtain the patent even when the inventor did not want to part with it, the government could expropriate it. Consequently, even inside the patent system, one could obtain the same results as would be obtained in the case of inventors' certificates.

57.15 Mr. BARREDA (Inter-American Association of Industrial Property) said that even if legally the two systems were compatible with each other, they were incompatible in practice. In the Soviet Union, for example, where both exist on paper, de facto only inventors' certificates existed. The obligation of the inventor to work for the State was a totalitarian political concept reflected by Article IV of Annex A. It would set a dangerous precedent and could eventually lead to the suppression of the patent system.

57.16 Mr. JCGARAO (India) said that while the two systems --patents and certificates--were not mutually exclusive, one had to admit that they were basically incompatible with each other because they were derived from very different social and political conditions and philosophies. If the Annex were deleted, some countries might think that this was a sign of lack of objectivity on the part of the Committee. Consequently, the system of inventors' certificates should be mentioned either in the Draft or in the Commentary. It was always up to the individual countries to make no reference in their laws to inventors' certificates if they preferred protection of inventions by patents alone.

57.17 Mr. KANANI (Sudan) said that he did not think that the matter was a political one. Mr. Macaulay was right in saying that inventors' certificates might be desirable for the sole reason that there was a lack of private capital to exploit an invention. Consequently, the system might be of interest even to countries which did not have a complete State monopoly of all production and which were non-Communist.

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57.18 Mr. MONTES (Haiti) said that if the State wanted to explicit any invention which was insufficiently worked, it could get a compulsory license under Article 33 of the Draft. In this connection it appeared to be desirable that the Commentary make it clear that the words "any person" in Article 33 included also the State.

57.19 The DIRECTOR replied that wherever the word "person" appeared in the Draft, it referred not only to physical persons and private corporations but also to government entities.

57.20 Mr. JIMENEZ (El Salvador) said that Annex A should be re-drafted on fundamentally different and more general lines, so that the basic idea would be the possibility for the State to expropriate patents wherever imperative conditions of public interest so required. It should not deal with authors' certificates which was a much narrower concept fitting only certain countries with a certain social and political structure.

57.21 The DIRECTOR said that the opinions were obviously divided. It would not be useful to have a vote because the meeting was not a political one. The best solution seemed to be to state in the Commentary that provisions on inventors' certificates were included in the Draft on the suggestion of Czechoslovakia but that Czechoslovakia had rejected Annex A, saying that the provisions were no good and that it would make better provisions. Thus the question would be brought to the attention of interested governments with sufficient caveat that it did not have the endorsement of at least one of the Socialist countries. The Commentary would also naturally state that inside the Committee itself there were several who opposed the inclusion of any provisions.

57.22 Mr. BENDRIS (Algeria) said that he did not agree with the plan of the Director. He much preferred the suggestions on inventor's certificates to come from an international committee than from only one country which had an obvious bias in the matter.

57.23 Mr. SELLAYAH (Ceylon) said that no political or philosophical considerations should guide the Committee in its decision. The matter was a legal one and a practical one. It was useful to include all objective information on the prevailing possibilities. Consequently, he agreed with the proposal of the Director.

57.24 The CHAIRMAN said that, as Argentine Expert rather than Chairman, he was of the opinion that, as long as it clearly resulted from Article I of Annex A that inventors had the free choice between patents and certificates, there was no overriding consideration against the inclusion of Annex A in the Draft. The Commentary would reflect the fact that several Experts considered the system of inventors' certificates as incompatible with the patent system, and objected to the inclusion of Annex A.

57.25 Mr. VILORIA (Venezuela) said that Annex A should be maintained in the Draft. It was one of several provisions which were highly optional and which any country was perfectly free to disregard when adopting a patent law based on the model under preparation.

57.26 The DIRECTOR said that Annex A would be maintained in the Draft but that Article I would be redrafted along the lines referred to earlier by the Chairman. The Commentary would indicate that several Experts had made reservations and opposed inclusion.

57.27 Mr. LARRAGUIBEL (Chile) said that he wished that his opposition be recorded in the minutes.

57.28 The CHAIRMAN asked whether any other Experts wished to have their opposition formally recorded.

57.29 Mr. MCSQUERA (Colombia) said that he wanted to associate himself with the reservation made by Mr. Larraguibel.

57.30 Mr. COWARD (Kenya) said that he wanted to associate himself with those who asked that Annex A be maintained in the Draft, it being understood that it was left to the individual governments to include it in the law or not.

57.31 Mr. BENDRIS (Algeria) said that he was in favor of including Annex A in the Draft.

57.32 The CHAIRMAN said that the final documents would follow the suggestions made by the Director.

Annex B

58.01 The CHAIRMAN opened the discussion on Annex B of the Draft, dealing with confirmation patents.

58.02 The DIRECTOR said that confirmation patents dealt with a wholly different subject from inventors' certificates, but inclusion of provisions on them in the Draft was based on a similar consideration, namely, that a number of countries had adopted confirmation patents in their laws. This circumstance justified calling the attention of other countries to this possibility. Confirmation patents were mainly known in Latin America. Several observations were made, particularly by the U.S. Government and by the International Association for the Protection of Industrial Property which suggested that the scope of Article I should be enlarged by providing that only such inventions were not susceptible to the grant of confirmation patents as had not been exploited "by public use or sale in the country." Consequently, publication in writing or orally would not be a hindrance to the granting of confirmation patents. The suggestion appeared to be an improvement over the Draft and should be accepted. If it was accepted, Article II would become superfluous. Article III should be omitted as well. In all other respects, confirmation patents should be subjected to the same rules as ordinary patents except where the nature of the confirmation patent did not allow such assimilation. Articles IV, V and VI took care of these questions.

58.03 Mr. LACHMANN (United Nations) called attention to Article VI, paragraph (1)(e), providing that the confirmation patent should be declared null and void if the invention, the subject of the confirmation patent, were not effectively exploited within a period of one year from its grant, or if effective exploitation subsequently ceased for a period exceeding one year. Should the main body of the Draft, dealing with ordinary patents, provide that patents may be revoked for non-working--after possibly giving notice to the patentee and inviting him to come forward with a plan for working within a reasonable time in the country--then no provision of the kind referred to in Annex B, Article VI, paragraph (1)(e), would be needed as the matter would already be covered in connection with ordinary patents.

58.04 Mr. BARREDA (Inter-American Association of Industrial Property) said that confirmation patents were neither an independent system, nor a variant. They were an extension of the system of ordinary patents. Consequently, the provisions now contained in Annex B should be transferred to the text of the Draft Law itself with an observation that any country not wishing to adopt those provisions should omit them.

58.05 Mr. BENDRIS (Algeria) said that the Draft should provide that confirmation patents would be granted only when the applicant for a confirmation patent--that is to say, the local enterprise wanting to exploit the invention--and the foreign patentee had concluded an agreement as to the exploitation. This would help in avoiding abuses.

58.06 The DIRECTOR said that Mr. Barreda was of course right when he said that confirmation patents were not an alternative to, but a possible extension of, ordinary patents. This would be made clear in the Draft. The suggestion of Algeria would seem to be a rather heavy burden on the applicant for a confirmation patent. It would therefore seem to be preferable to refer to this possibility only in the Commentary.

58.07 Mr. BENDRIS (Algeria) said that he accepted the proposal of the Director.

58.08 The DIRECTOR said that several observations had been received, indicating that the period of one year provided for in Article VI, paragraph (1)(e), was too short. He would, therefore, with the agreement of the Committee, change this period to two years.

58.09 Mr. BARREDA (Inter-American Association of Industrial Property) said that confirmation patents being an extension of ordinary patents, their fate should be linked, and confirmation patents should lapse if the basic patent lapsed.

58.10 The DIRECTOR said that, under the Paris Convention, patents granted in different countries were independent of each other. This was one of the reasons for which the Draft did not provide for the lapse of a confirmation patent if the ordinary patent had expired or lapsed.

58.11 Mr. LACHMANN (United Nations) said that the observations of Mr. Barreda were just in so far as they pointed out that there was not much logic in providing a different treatment for the lapse of ordinary patents and confirmation patents. A provision for the lapse of the patent or for its revocation for not working after a certain period of time, and possibly after a formal invitation to the patentee to present a plan for working, should apply not only to confirmation patents

but also to ordinary patents. If such a provision were contrary to the Paris Convention, then the Paris Convention should be revised so as to allow newly adhering developing countries to make reservations allowing them to revoke patents or make them lapse for non-working.

58.12 Mr. BARREDA (Inter-American Association of Industrial Property) said that he did not think that the rule of independence of patents provided in the Paris Convention extended also to confirmation patents. This was a special case not dealt with by the Paris Convention.

58.13 The DIRECTOR replied that, although the expression "confirmation patent" did not appear in the text of the Paris Convention, it was clear from Article I of that Convention that it covered all kinds of patents; hence also confirmation patents. It would also be illogical to link the fate of confirmation patents to the basic patent. A confirmation patent might be granted just before the expiration of the basic patent. If the law provided that the confirmation patent lapsed at the same time as the basic patent, the confirmation patent would be practically worthless in such cases. A confirmation patent was applied for and granted in order to encourage the exploitation of the invention in the country itself. Consequently, it was of special interest to developing countries, and there seemed to be no reason for developing countries to curtail protection only because, in the foreign country where the basic patent was granted, the patent lapsed.

58.14 Mr. BARREDA (Inter-American Association of Industrial Property) said that he agreed with the argument of the Director and that what he wanted to avoid was the provision in Article VI (1)(e) because that provision would make the confirmation patent lapse within an abnormally short period of time. The confirmation patent should survive at least as long as the basic patent did in its country of origin.

58.15 The DIRECTOR replied that the sole reason for granting confirmation patents was to encourage local exploitation in the country. Consequently, if such exploitation was not forthcoming, there was no justification for maintaining the monopoly. Hence the relatively short term provided in Article VI (1)(e). In any case, it should be noted that this period would now become two years instead of only one.

58.16 Mr. LACHMANN (United Nations) said that there were suggestions made earlier during the discussion concerning the adoption of patents of addition or patents of improvement which were of great importance to developing countries as regards the adaptation of inventions to local conditions. He did not wish to propose any particular language but wanted to know whether any of the Experts there assembled thought these were points to be covered by the Draft.

58.17 The CHAIRMAN asked whether any of the Experts wished to make concrete proposals on the point just raised by Mr. Lachmann.

58.18 Mr. BARREDA (Inter-American Association of Industrial Property) said that patents of addition were unobjectionable and in fact useful, if they were granted under the same conditions for novelty, inventiveness, etc., as patents. Patents of addition or any other patents not relating to real inventions would be outside the scope of a patent law.

58.19 Mr. SELLAYAH (Ceylon) said that in an early part of the discussion it had been said that special provisions would deal with the possible consequences of local novelty, should a country prefer to adopt local novelty rather than universal novelty.

58.20 The DIRECTOR replied that he had noted Mr. Sellayah's point and it would be taken care of in the Commentary.

58.21 The CHAIRMAN said that the observations of Mr. Lachmann would be reflected in the minutes.

ITEM 4 OF THE AGENDA:

CONSIDERATION OF RECOMMENDATION A.IV.26 OF THE
UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT
AND OF RESOLUTION 1013 (XXXVII) OF THE ECONOMIC AND SOCIAL
COUNCIL OF THE UNITED NATIONS

59.01 The CHAIRMAN opened the discussion on Item 4 of the Agenda, entitled "Consideration of Recommendation A.IV.26 of the United Nations Conference on Trade and Development and of Resolution 1013 (XXXVII) of the Economic and Social Council of the United Nations (see doc. PJ/34/5).

59.02 Mr. LACHMANN (United Nations) said that both the United Nations Conference on Trade and Development and the Economic and Social Council of the United Nations had addressed recommendations to the General Assembly of the United Nations--convened for November 1964--to deal with the subject of "The Role of Patents in the Transfer of Technology to Developing Countries." The recommendations before the General Assembly dealt, first of all, with the adaptation of patent legislation to the needs of developing countries. The present meeting was a very important step on this road. The recommendations also dealt with the importance of providing developing countries with the facilities of technical documentation and information on new technology. Such facilities should help developing countries in determining what kind of technology they wished to introduce in their country. Furthermore, such facilities might be useful also to governments which decided to introduce a system of prior examination of patent applications because such examination was largely based on the availability of technical data. For practical reasons it might be desirable to have these collections of technical information organized on a regional or sub-regional basis because of the great expense and other practical difficulties involved in assembling complete documentation. For all these matters the United Nations would keep in touch with BIRPI and other interested agencies. The United Nations Secretariat would be glad to have the suggestions and proposals of the Governments of developing countries. They could write on these matters to BIRPI and to the UN Secretariat, or their Delegations might put proposals before the General Assembly of the United Nations. Another question to be considered was that of a further study. The first step towards a complete study was represented by the Report of the United Nations Secretariat which was going to be submitted to the General Assembly. It was realized that much more study had to be carried out on the question of how technology came to developing countries: how it was to be worked in them; what the practices of companies which developed new technologies were in bringing these technologies to developing countries; how to adapt such technology and to encourage investment and the establishment of new industries which needed these technologies. All this applied both to patented technology and to unpatented technology, to know-how, whether secret or non-secret, and to all that is meant by the broad expression "technology." It meant management as well as engineering. It was planned that these studies would continue. Of course, the General Assembly decision would have an influence on the direction and scope of these studies. The UN Secretariat would discuss with BIRPI and other organizations the

best ways of continuing the studies, so that more specific recommendations might be made to Governments, not only as to what should be their attitudes towards patents but what they could do in order to facilitate the acquisition of technology.

59.03 The CHAIRMAN thanked Mr. Lachmann in the name of the Committee for his exposé of the plans of the United Nations. He was sure that the Experts would report to their Governments, so that they could avail themselves of the opportunities of making suggestions to the United Nations referred to in the observations of Mr. Lachmann.

ITEM 5 OF THE AGENDA:
ADOPTION OF A REPORT ON THE
CONCLUSIONS OF THE MEETING

60.01 The Chairman opened the discussion on a draft recommendation, submitted to the Committee by its Chairman and three Vice-Chairmen (as contained in document PJ/34/7).

60.02 Mr. JIMENEZ (El Salvador) said that the draft recommendation reflected both the work of the Committee and the continuing efforts of BIRPI to assist developing countries. It should be approved by acclamation.

60.03 Mr. BENDRIS (Algeria), as one of the authors of the draft recommendation, explained it and suggested that it be adopted. The non-aligned developing countries which met in Cairo some time ago would meet again in the spring of 1965 in Algiers to discuss economic questions. The model law should be transmitted to that meeting. This would increase interest in the model law and might facilitate the actual adoption of patent laws which, in turn, should enable those developing countries which did not yet belong to the Paris Union to become members.

60.04 Mr. KANANI (Sudan) expressed his agreement with the observations made by Mr. Bendris.

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60.05 Mr. MRAGHI (Iran) expressed his approval of both the model law and the recommendation, and his hope that BIRPI would soon put at the disposal of developing countries model laws on trademarks and industrial designs.

60.06 The DIRECTOR said that the resolution provided that BIRPI should keep in touch with international bodies dealing with industrial property and, consequently, there was a basis in it to get in touch also with the conference referred to by Mr. Bendris.

60.07 Mr. BENDANA (Nicaragua) said that BIRPI should prepare a paper on the advantages and possible disadvantages of adhering to the Paris Convention, and should make such a paper available to developing countries not yet members of the Paris Union. Furthermore, the recommendation should invite such countries to adhere to the Union.

60.08 Mr. LACHMANN (United Nations) suggested that the reference, in the draft recommendation, to the United Nations should be omitted since it was unusual to name observers in a recommendation.

60.09 The CHAIRMAN said that the suggestion of Mr. Lachmann would be followed.

60.10 Mr. JOGARAO (India) said that he was opposed to the amendment suggested by Mr. Bendaña since the matter of adherence to the Paris Union was outside the terms of reference of the Committee.

60.11 The DIRECTOR, while thanking Mr. Bendaña for his suggestion, agreed with Mr. Jogarao. The question of adherence was not discussed by the Committee.

60.12 Mr. MOSQUERA (Colombia) said that the question of adherence to the Paris Union had been discussed, and a recommendation on that question had been adopted by the Bogota Congress on Industrial Property for Latin America which met in July 1964.

60.13 Mr. VON HOLSTEIN (Council of Europe) said that his Organization was always ready to assist developing countries. He expressed the hope that BIRPI would keep in touch with his Organization and assist it in its endeavours in the field of trademark law.

60.14 Mr. MACAULAY (Sierra Leone) suggested that the words "and its protection" be inserted in point (ii) of the draft recommendation, after the words "industrial property."

60.15 The CHAIRMAN noted that, with the amendments of Mr. Lachmann and Mr. Macaulay, the draft recommendation was unanimously adopted by the Committee.

60.16 Mr. SELLAYAH (Ceylon) expressed the thanks and appreciation of all the Experts for the eminent services of the Chairman, Mr. Peltzer, Expert of Argentina. His profound knowledge of the subject matter, his complete objectivity, and his unfailing courtesy, had secured orderly debate and efficient work. He also thanked BIRPI, and in particular its Director, Professor Bodenhausen.

60.17 Mr. JCGARAO (India) expressed his appreciation of BIRPI's untiring and impartial efforts to assist developing countries. He wanted to thank in particular Professor Bodenhausen for never failing to give the fullest answers and explanations to all the questions which had been asked in this meeting by the Experts and by the Observers.

60.18 The CHAIRMAN thanked the Director, the staff of BIRPI, and every member of the Committee for their courteous and efficient team work; and declared the meeting of the Committee closed.

BIRPI

UNITED INTERNATIONAL BUREAUX
FOR THE PROTECTION OF INTELLECTUAL PROPERTY
GENEVA, SWITZERLAND

COMMITTEE OF EXPERTS TO STUDY A MODEL LAW FOR DEVELOPING COUNTRIES ON INVENTIONS AND TECHNICAL KNOW-HOW

(Geneva, October 19 to 23, 1964)

S U M M A R Y R E C O R D S

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SUMMARY RECORDS

First Meeting

October 19, 1964: Morning

ITEM 1 OF THE AGENDA: OPENING OF THE MEETING BY
PROF. G.H.C. BODENHAUSEN, DIRECTOR OF BIRPI

0.01 The DIRECTOR of BIRPI, Professor G.H.C. Bodenhausen, opened the meeting with the following address:

"Ladies and Gentlemen,

The technical assistance which might, and indeed must, be given to developing countries is one of the most important tasks of our era, particularly as far as international organizations are concerned.

Questions concerning the transfer of technology, inventions and know-how are only some of the many problems that developing countries have to resolve. Still, Governments consider them to be questions of great importance, as demonstrated not only by the governing bodies of BIRPI but also by the recently adopted resolutions of several bodies of the United Nations.

In this connection I would like to extend a particularly cordial welcome to the observers of the United Nations. The United Nations Secretariat has drawn up a truly remarkable report on the role of patents in the transfer of technology to developing countries. This report is one of the main causes and factors of the program of the present meeting. We are pleased to be able to continue our close cooperation with the United Nations and hope that their distinguished representatives will participate in our future meetings as well.

May I also welcome here the observers delegated by the Council of Europe, the International Patent Institute, the Inter-American Association of Industrial Property, the International Association for the Protection of Industrial Property, the International Chamber of Commerce, and the International Federation of Patent Agents.

The representatives of these international organizations are recognized specialists in industrial property matters and their participation in our discussions will doubtless be of great value for the success of our work.

But, of course, what we appreciate primarily is the presence of the experts officially delegated by their Governments. The main burden of the work to be carried out here rests on their shoulders. We thank them for coming, welcome them here, and hope that they will find this meeting profitable to their countries and to themselves personally.

It is BIRPI's conviction that one of the most practical methods of giving legal technical assistance in the field of transfer of technology and patents to countries wishing to receive such assistance consists in working on a concrete project, that of a model law designed to facilitate the transfer of technology to developing countries.

We are fully aware of the fact that the countries represented here are at very different levels of economic development, that their legal concepts and traditions differ considerably from each other, and that their interest in these matters is very different too.

This circumstance, however, may prove to be useful in your work, as the experience of some countries may inspire solutions in others.

In any case, should the discussions prove it to be desirable, we might propose the constitution of sub-groups on a regional or other basis to study specific questions. As some of you know, we had last year an African Seminar in Brazzaville, this year we held a Latin-American meeting in Bogota, and next year we plan to have an Asian Seminar somewhere in Asia. So, as you see, we are aware of the different needs of the different regions, and, inside the regions, of the different countries, and in the future, as in the past, we will do our best to take full account of such differences.

The main task of this meeting is to examine and comment upon the draft model law that we have prepared as a working document. When we start examining it I shall make some more detailed comments on it but would like to stress two particular points here because they seem to be important:

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First, I wish to stress that a model law is not a uniform law. We do not propose that your countries adopt a patent law as it appears in the draft. All we are doing is to offer an example of what a law might look like. It is merely a starting point, designed to facilitate the consideration of the various questions legislators should have in mind. The draft can and should be amended by each country, sovereignly, as required by its own needs. Of course, if a country does not want to have a patent law at all, it is also free to choose this solution. But, such a question is outside the scope of this meeting.

Second, I wish to stress that the fact that the draft provides for a system in which patents are granted without preliminary examination should not be interpreted as a rejection of the examination system. A system with examination is, from a legal and technical viewpoint, more advanced than a system without examination. Some of the countries represented here have, and have had for many decades, an examination system. We are far from recommending that they should abandon it. The only reason for which the draft does not provide for examination is a practical one: most developing countries would probably find it easier and cheaper not to have examination. But if they can afford it, this is a point on which departure from the draft is perfectly in order.

It goes without saying that this meeting is both too short in time and too big, as far as the number of participants is concerned, to assume the role of a legislative drafting committee. What we hope this Committee will do is that it will formulate some observations on the draft. The comments or suggestions of each of you will be recorded in the summary minutes of the meeting. On the basis of the comments of the Committee, or at least of the majority view prevailing in the Committee, BIRPI will, after the meeting, establish a new draft and a new explanatory statement which will faithfully reflect such views.

What, if anything, the interested countries will do with the modified model law is naturally a question which each of them will sovereignly decide for itself. BIRPI's sole aim and hope in this operation is that a draft will emerge which may be useful as a basis for national legislation or its reform."

ITEM 2 OF THE AGENDA:
ELECTION OF THE OFFICERS OF THE MEETING

0.02 The DIRECTOR of BIRPI asked for proposals for filling the Offices of Chairman and three Vice-Chairmen.

0.03 Mr. SELLAYAH (Ceylon) proposed that Mr. Peltzer (Argentina) be elected Chairman and Mr. Jogarao (India); Mr. Macaulay (Sierra Leone) and Mr. Bendris (Algeria) be elected Vice-Chairmen.

0.04 Mr. LARRAGUIBEL (Chile) seconded the proposal made by the previous speaker.

0.05 The proposal was adopted by acclamation.

0.06 The CHAIRMAN (Mr. Peltzer, Argentina) thanked the Experts for their confidence and decision. He asked the Representatives of the United Nations whether they wished to make a general declaration.

0.07 Mr. LACHMANN (United Nations), after having congratulated the Officers on their election, called the attention of the Experts to the note prepared by the United Nations Secretariat for this meeting (document PJ/34/4) and the report of the same Secretariat on the role of patents in the transfer of technology to developing countries. The Secretariat as well as various bodies of the United Nations were fully aware of the importance of the question of patents in the technological development of countries. Solutions would necessarily have to vary from country to country. Still, the Committee could perform very useful work by outlining the legal mechanisms and various possible solutions. The representatives of the United Nations would follow with great interest the discussions of the present Committee and wished it success in its work.

ITEM 3 OF THE AGENDA. CONSIDERATION OF THE DRAFT
MODEL LAW ON INVENTIONS AND TECHNICAL KNOW-HOW

0.08 The DIRECTOR introduced document PJ/34/2 containing a draft model law on inventions and technical know-how, and document PJ/34/3 containing a commentary on the draft.* He summarized and highlighted the main thoughts expressed in the introductory paragraphs of the Commentary.

0.09 Mr. SHER (Israel) said that he expected the Committee to make suggestions for alternative solutions for certain problems. This would allow each interested country to choose the solution best fitting its own circumstances.

* Hereinafter referred to as "the Draft" (or the "Draft Model Law") and "the Commentary," respectively.

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0.10 The DIRECTOR observed that the Draft and the Commentary already contained alternatives and the texts to be established on the basis of the discussions of the Committee would also contain alternatives.

0.11 The CHAIRMAN recalled that, as had been emphasized by the Director, the model law was only a possible basis for countries interested in adopting a new law on patents, that each country could choose among the various alternatives or could even imagine solutions not proposed in the model law which would emerge from the meeting.

Article 1 *

1.01 The DIRECTOR read and explained Article 1*, entitled "Patentable Inventions."

1.02 Miss BATCHELOR (Uganda) asked who would decide whether the application related to a discovery rather than an invention.

1.03 The DIRECTOR replied that in a system without preliminary examination the decision would be made by a court; in a system with preliminary examination, a determination would be made by the Patent Office, but this determination could be rejected by a court.

1.04 Mr. SHER (Israel) suggested that paragraph (2) be omitted as superfluous: since a discovery is distinguishable from an invention, and since the Draft provides that it protects inventions, it goes without saying that it does not protect discoveries.

1.05 Mr. TALERNGSRI (Thailand) agreed with the suggestion of the previous speaker.

1.06 Mr. JOGARAO (India) said that paragraph (2) should be retained. While perhaps not indispensable from a purely logical viewpoint, the provision was still useful because it emphasized the need for distinction between discoveries and inventions.

1.07 Mr. VILORIA (Venezuela) asked that paragraph (2) be maintained for its obvious practical usefulness.

* All references to "Articles" are references to Articles of the Draft.

1.08 Mr. MACAULAY (Sierra Leone) suggested that paragraph (2) be maintained. Its presence would serve as a reminder to applicants not to try to apply for a patent in the case of discoveries. In the vernacular the terms "discovery" and "invention" were frequently used as if they meant the same thing. Confusion could be avoided by the clear statement contained in paragraph (2). In any case, if a country wanted to omit paragraph (2), it was always free to do so.

1.09 Mr. JIMENEZ (El Salvador) said that the distinction between an invention (something concrete) and a discovery (something abstract) was useful. Consequently, paragraph (2) should be kept in the Draft.

1.10 Mr. SHER (Israel) said that a scientific discovery was frequently the basis of an invention. For example, the discovery of the magnetic poles led to the invention of the magnetic compass. Could the compass be patented?

1.11 The DIRECTOR replied in the affirmative. Paragraph (2) could be omitted if paragraph (1) said that inventions embodied in a new process or new product were patentable. But since paragraph (1) did not mention products and processes, paragraph (2) was helpful in pointing out that where there was no industrial application, there was no right to a patent.

1.12 Mr. LARRAGUIBEL (Chile) said that it was essential to maintain paragraph (2) also because it underlined that scientific discoveries could not be made the subject of monopoly.

1.13 Mr. LACHMANN (United Nations) asked whether the adaptation of existing techniques to given conditions, for example tropical conditions, could be patentable, assuming that the adaptation in itself was not a patentable invention but that, without it, the invention could not be used in the special conditions.

1.14 The DIRECTOR replied that the adaptation, to be patentable, would have to meet the three requirements laid down in paragraph (1). This could be stated in a new paragraph of the article.

1.15 Mr. LACHMANN (United Nations) said that this was a question worthy of special consideration by developing countries. Allowing local inventors to get patents for adapting the patented invention of an inventor of a developed country to local conditions would not only encourage local inventors but would also entitle them to obtain a compulsory license to use the invention of the inventor of the developed country.

1.16 Mr. SELLAYAH (Ceylon) said that paragraph (2) was doubtless useful from a practical viewpoint. It might become a "note" under paragraph (1), at least in countries where it was customary to insert, in the law itself, explanatory statements.

1.17 Mr. SHER (Israel) said that he associated himself with the observations of Mr. Lachmann. He suggested that the matter be discussed in connection with Article 3.

1.18 Mr. JOGARAO (India) asked that paragraph (2) be maintained.

1.19 Mr. VON HOLSTEIN (Council of Europe) said that, in paragraph (1), the word "may" should be replaced by "shall" and that paragraph (2) should be omitted. The underlying idea of paragraph (2) was correct, but since most patent laws did not contain a similar provision, its presence in the Draft might make people wonder whether there was a departure here from accepted principles.

1.20 Mr. TALERNGSRI (Thailand) said that he wanted to support the observations of Mr. Lachmann. For developing countries, patents of addition and patents for improvements were of great practical value since local inventors were more likely to find solutions in the field of adapting inventions to special local conditions than in the fields in which inventors of highly developed countries were active.

Article 2

2.01 The DIRECTOR read paragraph (1) dealing with the requirement of novelty. The Draft required universal novelty, i.e., that the invention must not have been disclosed anywhere in the world. Another principle, already called to his attention by a letter from Mr. Sher, would be local or national novelty, that is, the invention, to be patentable, would have to be undisclosed only in the country where a patent was applied for. This would mean that it would be much easier to get patents, particularly in underdeveloped countries. But would it be to the advantage of such countries to grant patents for inventions whose use was free in most other countries? Another question in connection with which suggestions had already been made was whether disclosure by oral description should be--as the Draft proposed it to be--destructive of novelty.

2.02 Mr. SHER (Israel) said that national novelty, at least for countries in an early stage of their development, served better the interests of economic development because it encouraged local inventors.

2.03 The DIRECTOR said that the new Commentary would indicate the advantages of both systems and leave the choice between them to each country.

2.04 Mr. COWARD (Kenya) suggested that paragraph (1) should expressly state that universal novelty would be destroyed by making available to the public "anywhere and at any time".

2.05 Mr. SELLAYAH (Ceylon) expressed agreement with the latest proposal of the Director.

2.06 Mr. BENDRIS (Algeria) said that it might be best to apply local novelty in the case of local inventors, and to apply universal novelty in the case of foreign inventors.

2.07 Mr. JOGARAO (India) said that paragraph (1) should be left as proposed in the Draft. The requirement of local novelty might easily lead to abuse, as it allowed the grant of patents for mere copies of other people's inventions.

2.08 Mr. LARRAGUIBEL (Chile) said that the principle of universal novelty was more favorable even for developing countries, since local novelty might be an obstacle to international commerce, so eminently desirable for underdeveloped countries. His country's law was based on universal novelty.

2.09 Mr. KANANI (Sudan) expressed the view that national novelty would actually impede industrial development in underdeveloped countries. These countries needed foreign investment and the attraction of foreign capital was conditioned upon a broad international outlook.

2.10 Mr. MACAULAY (Sierra Leone) said that the choice between universal and local novelty should be left to each country.

2.11 Mr. LACHMANN (United Nations) said that the matter should, of course, be left to the choice of each country. He saw advantages in local novelty as it gave a premium to the introducer, into the country, of an invention which its foreign inventor had not bothered to patent in that country.

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2.12 Mr. SELLAYAH (Ceylon) expressed the view that the choice be left to each country.

2.13 Mr. VILORIA (Venezuela) agreed with the latest proposal made by the Director.

2.14 Mr. BENDRIS (Algeria) said that the question was which solution would facilitate the industrialization of developing countries and the attraction of foreign capital. It should also be borne in mind that membership in the Paris Union required that the same treatment be given to foreigners and nationals.

2.15 Mr. TALERNGSRI (Thailand) said that for the purpose of developing countries it might be useful to differentiate between disclosure by written publication and by use or oral description. For the former, universal novelty might be accepted; for the latter, local novelty would seem to be preferable.

2.16 Mr. MASSALSKI (International Federation of Patent Agents) said that universal novelty was better but that certain corrections could be adopted through the system of importation patents, as known in the Spanish law.

2.17 Mr. BARREDA (Inter-American Association of Industrial Property) said that in most cases universal novelty coupled with the possibility of applying for importation patents might be the best solution for developing countries.

2.18 Mr. SHER (Israel) said that universal novelty might be acceptable for disclosure made in printed publications, but that, for use or oral disclosure, local novelty should be sufficient.

Second MeetingOctober 19, 1964: AfternoonArticle 2, continued

2.19 The CHAIRMAN invited comments on the question of oral disclosure.

2.20 The DIRECTOR said that oral disclosure was relatively rare, but it did occur from time to time, particularly in the form of a scientific lecture. Proof might be difficult, but far from impossible.

2.21 The CHAIRMAN invited comments on paragraph (2).

2.22 The DIRECTOR read and explained paragraph (2) dealing with exhibitions. It was a provision required by the Paris Convention. There was no provision in the Draft on abusive disclosure since this would be a refinement which would make the Draft too complicated.

2.23 Mr. FINNISS (International Patent Institute) expressed his agreement with the entirety of Article 2 and with the Director's views on the non-inclusion of a provision on abusive disclosure.

2.24 In reply to a question by Mr. Sher (Israel), the DIRECTOR said that the official character of an exhibition would be determined by the competent State authorities of the country in which the exhibition was to be held.

Article 3

3.01 The DIRECTOR read and explained Article 3 which provided, in effect, that the invention, to be patentable, must also be non-obvious to a person skilled in the art. The French Government found that the provision should be more explicit and should state that non-obviousness should be tested as to the method, the application, the combination of methods, the product, or the industrial result. He would be willing to accept this proposal since it would make the Article clearer.

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3.02 Mr. MONTES (Haiti) said that there should be a provision inserted in the Draft to the effect that an invention must, in an evident manner, modify and surpass the state of the art. Otherwise it should not be regarded as meeting the requirement of "inventive activity."

3.03 Mr. SHER (Israel) said that adaptations of inventions to local conditions might be more or less obvious and consequently would frequently not meet the requirement of inventive activity. The adoption of patents of addition might be the best solution to honor properly local inventiveness consisting of adaptations to local conditions.

3.04 Mr. MASSALSKI (International Federation of Patent Agents) suggested that what should be required was a "modification of the state of the art by enriching it," since not every enrichment was a "surpassing," as proposed by Mr. Montes.

3.05 Mr. FINNISS (International Patent Institute) said that the novel combination or the novel application of known (not new) elements frequently led to such new results which justified the granting of a patent.

3.06 Mr. SHER (Israel) asked whether the composition of known elements leading to a new result would be considered as an invention (the "mosaic theory"). Furthermore, whether new processes for obtaining well-known results would be considered as inventions.

3.07 The DIRECTOR said that patents of addition normally required as much inventive activity as basic patents; that the French proposal amounted to the denial of patents to uninventive mosaics but that the same proposal meant that new processes could be patented even if the resulting product was not new. He thought that the proposal of Mr. Montes had much in common with the French proposals and asked him to file it in writing, in which case it would be considered at the stage of drafting.

Article 4

4.01 The DIRECTOR read and explained Article 4 entitled "Industrial Application." An invention was either a product or a process. A product was susceptible of industrial application if it could be industrially manufactured or if it could be used in industry or agriculture, whereas a process was susceptible of industrial application if it could be used in industry or agriculture. This meant that agricultural products were not patentable.

4.02 Mr. BENDRIS (Algeria) said that the Article was clear and should be adopted as contained in the Draft.

4.03 Mr. LARRAGUIBEL (Chile) said that in his country food products for human or animal consumption were not patentable.

4.04 The CHAIRMAN said that the matter would be considered in connection with Article 5.

4.05 Mr. LARRAGUIBEL (Chile) agreed to this procedure.

Article 5

5.01 The DIRECTOR read and explained Article 5. It provided for two kinds of exceptions from patentability. Naturally, other exceptions might be added, as indicated in the Commentary. For example, foods, chemicals, drugs, could be excluded. Their exclusion, however, was not recommended because lack of protection reduced the potentiality of industrialization. Pharmaceuticals were frequently considered from an emotional angle; they should not be. The choice was essentially between lower prices and encouragement of industrialization and research. Each country should weigh the relative advantages and decide the question for itself.

5.02 Mr. SHER (Israel) said that he was a partisan of the patentability of drugs although he would come back to the question in connection with compulsory licenses. As to the point on public order, it might be useful to provide that the grant of a patent in itself did not permit the use of the invention if the use was illegal.

5.03 Mr. LARRAGUIBEL (Chile) expressed the opinion that foods and drugs should not be patentable although processes for making them should be patentable.

5.04 Mr. LACHMANN (United Nations) said that in most developing countries there were few if any possibilities for the expensive research the invention of new drugs usually implied; consequently, for these countries, it was usually more advantageous to secure cheap drugs through importation than to provide for patent protection for drugs. The choice between patentability and non-patentability of drugs should not be mentioned only in the Commentary, but the Draft itself should contain the alternative.

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5.05 Mr. FINNISS (International Patent Institute) said that it was not in the interest of national economy to deny patents to drugs, not only because such denial would stifle research, but also because the foreign manufacturers of drugs, unprotected by patents, could agree among themselves not to sell their drugs below a certain price in the importing country. It was easier for the State to control the price if the drug was patented and its patent could be subjected to a compulsory license which would compel the importation and sale of the drug at a reasonable price.

5.06 Mr. BENDRIS (Algeria) said that there should be a provision added to Article 5 to the effect that pharmaceutical and food products should be subjected to the laws and regulations of the country.

5.07 Mr. MASSALSKI (International Federation of Patent Agents) said that drugs and new plant varieties should be protected in some way: if not by ordinary patents, then at least by a special registration.

5.08 Mr. LACHMANN (United Nations) said that the suggestions of Mr. Finniss were a valid alternative to outright exclusion of drugs from patentability in the case of highly developed countries. In addition to compulsory licensing, a country could allow, for example, importation, or could allow the Government to import, as in the case of the United Kingdom, for hospital use. These various possibilities should be referred to in the revised documents of BIRPI. Administration of compulsory licenses was a heavy burden and therefore less practical for underdeveloped countries than outright exclusion of drugs from patentability, at least at an early stage of economical development.

5.09 The DIRECTOR said that it might be best, in addition to mentioning the possibility of outright exclusion from patentability of drugs and foodstuffs, to provide for the possibility of granting compulsory licenses for such products, not under the general non-working clause, but merely on the ground of the extreme importance of the matter to national economy. Such licenses could also be given for importation. The documents would mention several possibilities from which each country could choose the one which fitted best its national economic interests. As to the proposal of Mr. Sher, it would be best to leave point (b) intact, since what Mr. Sher was recommending went without saying. Public order was, of course, not uniformly interpreted in all countries but this was one of the fields in which freedom should be left to meet local habits.

5.10 Mr. LARRAGUIBEL (Chile) expressed the view that the concept of morality referred to in point (b) was sufficiently uniform in all civilized countries so as not to cause too great difficulties of interpretation.

5.11 The CHAIRMAN asked what should become of the proposal of Mr. Bendris.

5.12 The DIRECTOR replied that the suggestion of Mr. Bendris would be acceptable if the Draft were a draft convention, but as it was a draft law it was unnecessary to say that certain subjects were reserved for special legislative provisions.

5.13 Mr. BENDRIS (Algeria) said that what he meant was that a developing country might need different solutions at the various stages of its development. Consequently, special laws could provide for special solutions for drugs as the pharmaceutical industry of a given country developed.

Articles 6 and 7

6/7.01 The DIRECTOR said that Articles 6 and 7 dealt with the rights of foreigners: the first, where international conventions were applicable, and the second, in situations where there were no such conventions. Article 6 was suitable for countries in which international treaties were self-executing; in other countries, the relevant provisions of the international treaties would have to be integrated in the law, or made the subject matter of a special law. Among the treaties referred to, one should primarily think of the Paris Convention; but the Article was not limited to that Convention. Other Conventions, and in particular the Pan-American Conventions, were also covered by it. Article 7 would grant protection to foreigners, on condition of reciprocity. Of course, reciprocity was not a requirement under the Paris Convention.

6/7.02 Mr. BARREDA (Inter-American Association of Industrial Property) said that Article 6 was both unusual and unnecessary; if, according to the constitution of a given country, international conventions were self-executory, then a provision like Article 6 was superfluous because the provisions of the conventions would become part of the national law even if Article 6 did not say so. On the other hand, if the constitution of a country required that the obligations contracted under an international convention be translated into a domestic law to bind the citizens of that country, then Article 6 was insufficient. As to Article 7, the Draft should be modified by taking out the notion of reciprocity -- a concept extremely difficult to interpret and apply.

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6/7.03 Mr. SHER (Israel) said that it would be preferable to have the provisions concerning foreigners spelled out in the Draft itself, even when such foreigners fell under Article 6, that is, were to be protected by virtue of an international convention.

6/7.04 Mr. LARRAGUIBEL (Chile) supported the observations of Mr. Barreda asking for the elimination of the concept of reciprocity in Article 7.

6/7.05 Mr. BENDRIS (Algeria) said that both Articles 6 and 7 were necessary in the Draft although, of course, countries which were not yet parties to any international convention would have no occasion to apply Article 6.

6/7.06 Mr. SELLAYAH (Ceylon) said that every country had the right to require reciprocity in international relations and, therefore, the provision of reciprocity in Article 7 should be maintained.

6/7.07 The DIRECTOR said that the discussion had brought out once again a basic characteristic of the Draft, that is, that it was a model law rather than a uniform law. Countries which did not need Article 6 could omit it, and countries which did not believe in reciprocity could omit this requirement in Article 7.

6/7.08 Mr. LACHMANN (United Nations) said that whereas it was true that these as well as other provisions of the Draft were optional, whatever appeared in the Draft carried a clear implication that it was desirable. He would prefer it if the Draft proceeded from the assumption that there was normally reciprocity among countries. Consequently, the Draft should not make the protection of foreigners dependent on reciprocity in Article 7 but might provide that if the nationals of the country adopting the law did not receive sufficient protection in another country, then the first country might, by administrative order, suspend the application of this law in respect to the nationals of the second country.

6/7.09 Mr. TALERNGSRI (Thailand) asked whether the requirement of reciprocity in Article 7 related to the right of priority only or also to all features of patent law.

6/7.10 The DIRECTOR replied that the reciprocity provided for in Article 7 would be considered as existing if there was some kind of protection in the foreign country; it would not be required that the protection in the two countries be the same.

6/7.11 Mr. TALERNGSRI (Thailand) said that making patents available irrespective of the applicant's nationality, that is, irrespective of reciprocity, would better serve the interests of a developing country wishing to acquire foreign technical knowledge and know-how. Only in respect to the right of priority should reciprocity be required; in other words, a country would recognize priority rights of nationals of a foreign country only if that foreign country did the same in respect to the nationals of the first country.

6/7.12 Mr. SHER (Israel) said that he would like to have the Director's opinion on his suggestion, namely, that for the benefit of countries in which international treaties were not self-executing, the Draft should contain provisions corresponding to their obligations undertaken by virtue of an international convention.

6/7.13 The DIRECTOR replied that he agreed that for this type of country it was necessary to insert in the national law provisions corresponding to their conventional obligations.

6/7.14 Mr. LADAS (International Association for the Protection of Industrial Property and International Chamber of Commerce) said that, as a practical matter, the requirement of reciprocity should be omitted from Article 7. It was extremely difficult to compare the provisions and the effects of two different laws and formulate a convincing opinion on whether reciprocity existed.

6/7.15 Mr. BENDRIS (Algeria) said that, since in Article 6 there was an implicit reciprocity, he saw no reason why there could not be a reciprocity in Article 7.

6/7.16 The DIRECTOR said that the discussion convinced him that the requirement of reciprocity in Article 7 should be omitted. There would still subsist a difference between Articles 6 and 7 because in Article 6 were also implied the minimum provisions of international treaties, whether unilateral or multilateral.

6/7.17 Mr. SELLAYAH (Ceylon) said that even if reciprocity were to be omitted in Article 7, the faculty of each country to apply reciprocity vis-à-vis a country not giving sufficient protection to the nationals of the first country should be maintained.

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6/7.18 Mr. JOGARAO (India) said that in Article 7 perhaps it would be sufficient to replace the words "subject to reciprocity" by the words "on a reciprocal basis."

6/7.19 Mr. FINNISS (International Patent Institute) said that the minimum requirements of the Paris Convention secured, in themselves, a certain degree of reciprocity. Adherence to the Paris Union would therefore seem to be the safest way for each country to protect the interests of its nationals in foreign countries. This was also true in respect to developing countries because, by virtue of the principle of national treatment in the Paris Convention, their nationals would enjoy, in a highly developed foreign country, the greater rights which that foreign country gave to its own nationals, and this notwithstanding the fact that the general level of protection might be lower in the underdeveloped countries than in the highly developed countries.

6/7.20 Mr. SELLAYAH (Ceylon) insisted on the need, for developing countries, to have the possibility of refusing protection to the nationals of countries which did not give adequate protection to their own nationals. Consequently, the Draft should expressly mention that, if a foreign country did not give sufficient protection, retaliation in the form of denial of protection was permitted.

6/7.21 Mr. BENDRIS (Algeria) said that there were many developing countries which were not yet parties to any international conventions and for these countries maintaining the possibility of reciprocity in Article 7 was essential.

6/7.22 The DIRECTOR said that it was clear that the members of the Committee were divided on the question of reciprocity under Article 7. Consequently, he would follow the compromise suggestion by Mr. Lachmann which would consist in giving national treatment to foreigners in Article 7, but provide at the same time that the competent authorities might, by order, suspend the application of Article 7 so far as it related to nationals of a country which did not grant adequate protection.

6/7.23 The CHAIRMAN noted that this last suggestion of the Director seemed to meet with general approval.

Article 8

8.01 The DIRECTOR read and explained Article 8 dealing with the question of who has the right to the grant of a patent.

8.02 Mr. SHER (Israel) proposed that the Draft should provide that in countries which adopted the system of local novelty (as opposed to universal novelty) only the inventor himself (and not also his successor in title) should have the right to apply for a patent. This would prevent people who merely copied a foreign invention from applying for a patent.

8.03 Mr. BARREDA (Inter-American Association of Industrial Property) said that, since Article 10 was, in fact, an exception to Article 8(1), it might be useful to start paragraph (1) of Article 8 with the words "Subject to the provisions of Article 10."

8.04 The DIRECTOR said that the suggestion of Mr. Barreda was a helpful one and could be followed in the revised Draft.

8.05 Mr. MASSALSKI (International Federation of Patent Agents) said that, in the case of a patent of introduction as known in the Spanish law, there was absolutely no tie between the true inventor and the applicant. This type of patent might be useful in the case of developing countries.

8.06 The DIRECTOR replied that if the notion of a patent of introduction of the Spanish kind were to be accepted it would constitute another exception to the general rule contained in Article 8. The question should be reserved until the time when introduction patents were discussed. As to the suggestion made by Mr. Sher, he was of the opinion that paragraph (3) of Article 8 constituted an irrebuttable presumption. The true inventor would not be allowed to prove that the applicant was neither an inventor nor a successor in title of the inventor and, consequently, had no right to apply for the patent. Only in case of usurpation Article 9 would apply. There were other systems in existence; for example, the interference system in the United States where two applicants for the same invention were given the possibility to prove, in a procedure before the Patent Office, which of them made the invention first and the first inventor was given the patent even if his application was later in date. This, however, was a complicated procedure not followed by most countries and certainly not recommended to developing countries.

8.07 The CHAIRMAN noted that Article 8 would remain as it was in the Draft, subject to the modification recommended by Mr. Barreda.

Article 9

9.01 The DIRECTOR read Article 9.

9.02 The CHAIRMAN noted that no comments were offered on this Article and consequently it could be regarded as meeting with the approval of the Committee.

9.03 Mr. LACHMANN (United Nations) said that during the discussions of all the previous articles, several suggestions were made, which, if adopted at a later stage, would necessitate certain changes in some of the articles and in particular in Articles 8 and 9. Such matters included the question of local novelty, patents of introduction, and patents of addition. These should be kept in mind and when they were called up for discussion at some later stage in the meeting, some consequential changes would become necessary in the first nine articles of the Draft.

9.04 Mr. BENDRIS (Algeria) said that the principle of universal novelty was accepted by the Committee and consequently there was no need to come back on the question of local novelty and its possible consequences.

9.05 Mr. SELLAYAH (Ceylon) said that there was no unanimous agreement on which kind of novelty--universal or local--would be applied and therefore for countries which would opt for local novelty, there would, indeed, be consequential changes, as suggested by Mr. Lachmann.

9.06 The DIRECTOR said that Article 9 might be considered adopted as proposed in the Draft, subject, of course, to the understanding that, if a country chose a system of local novelty, or adopted patents of introduction or patents of addition, consequential changes would have to be made in some of the articles.

9.07 Mr. SHER (Israel) said that he agreed with the Director. It would be desirable that the Commentary call attention to the fact that in situations such as those mentioned by Mr. Lachmann and the Director, consequential changes would become necessary.

9.08 The CHAIRMAN said that the Draft itself would contain no variants as to the nature of novelty and other questions discussed up to the present time, but the Commentary would reflect the proposals made for possible variants, including the proposals of Mr. Lachmann and Mr. Sher, and would underline the necessity of consequential changes if one or more variants were to be adopted.

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9.09 Mr. COWARD (Kenya) asked to whom the request for transfer referred to in Article 9 would have to be addressed.

9.10 The DIRECTOR replied that during the pendency of the application, the request would have to be addressed to the Patent Office, whereas after the grant of the patent, the request would have to be addressed to the court.

Article 10

10.01 The DIRECTOR read and explained Article 10 entitled "Inventions by Agents or by Employees." The provision proposed might be too brief and more elaboration seemed to be desirable. Furthermore, the French Government had made a written observation to the effect that referring to "agents" in this Article would be a mistake and had proposed that the provision should speak about contracts commissioning a certain work (louage d'ouvrage) and employment contracts (louage de travail). The Director said that he was ready to accept the French proposal.

10.02 Mr. SHER (Israel) suggested that the Article should contain some provisions concerning the remuneration of the true inventor; that it clarify whether the provision applied only to inventions made in the country or also to inventions made abroad; that it provide that where the employee refused to sign an application for a foreign patent, the employer should be entitled to do so; that any disputes should be handled by labor tribunals rather than ordinary courts.

10.03 The DIRECTOR replied that he would be ready to insert provisions on remuneration in the cases where the employee was not employed for making inventions and even where he was employed for that purpose, if the invention was of very exceptional importance; that although in principle the law of the country of employment should govern in all countries the relationship between employer and employee, the question was a notoriously difficult one in international private law and it would hardly be possible to resolve it in a law limited to industrial property; that the question of signing various applications should be governed by the contract between employer and employee; and that as far as the jurisdiction of courts was concerned the question, being a procedural one, should be left to the special circumstances of each country.

10.04 Mr. SHER (Israel) said that it was only natural that when there was a contract, the contract would govern; his proposals were addressed to the case where the contract was silent on the question under discussion.

10.05 The DIRECTOR replied that the Draft or the Commentary should take care of the questions raised by Mr. Sher.

10.06 Mr. LACHMANN (United Nations) said that it was particularly important for the inventors of developing countries that the law contain provisions on the remuneration of employees and that these provisions be rather broad. Furthermore, he thought that it would be better to speak about inventions made by the employee "within the course of his employment" rather than "within the field of his employment." Generous provisions for employees were the more necessary since in a typical situation the employer was a firm based in a highly industrialized country and the employee was a national of a developing country.

10.07 Mr. LARRAGUIBEL (Chile) said that Latin-American countries traditionally paid the greatest attention to the proper protection of human values and dignity. This was one of the reasons why they had such advanced social legislation regulating labor relationships. Participation of the employee in the economic success of his invention, preferably expressed in a certain percentage of the profit, was therefore desirable. In any case, the labor laws of the various countries should be kept in mind.

10.08 The DIRECTOR, in reply to Mr. Lachmann, said that the reverse of the situation mentioned by him was also quite frequent. In fact, very often the local enterprises or the governments of developing countries had to have recourse to the technical knowledge of foreigners and employ them.

10.09 Mr. LACHMANN (United Nations) remarked that he did not say that governments of the developing countries would object to having the right to inventions made by employees belong to the employer; all he said was that it was necessary that the Draft provide for proper remuneration to the employee. The principle according to which inventions made by employees should belong to the employer had nothing objectionable if applied in the proper cases.

10.10 The DIRECTOR said that he would try to insert a provision on remuneration in the revised Draft. In any case, if the labor legislation takes care of the question, then the whole Article should be omitted. He did not think that it would be practical to provide for a remuneration expressed in a certain percentage. The fixation of the amount of the remuneration should be left to the courts which were in a position to appreciate the circumstances of the case.

10.11 Mr. FINNISS (International Patent Institute) said that, although the matter was not regulated by law in France, it was regulated by internal order as far as the relationships between research establishments of the French State and their employees were concerned:

(a) If the invention was made in the field in which the employee worked by virtue of his employment contract, the invention belonged to the State.

(b) If the employee made an invention outside the field in which he was supposed to work, the solution depended on whether he used government material or not. If he did use such material, the rights were divided between the State and the employee. If he did not, all rights belonged to the employee.

10.12 Mr. JIMENEZ (El Salvador) said that the proper appreciation of the intellectual and creative effort which went into an invention required that inventors be treated differently from other employees and that they receive adequate compensation whenever they made an invention. e

10.13 Mr. TALERNGSRI (Thailand) said that Article 10 should remain as it was in the Draft, as it was always possible, by contract, to depart from it if special circumstances made such a departure desirable. In any case, his country had no labor tribunals and all disputes between employees and employers would go before ordinary civil courts.

10.14 Mr. POINTET (International Chamber of Commerce) cited Switzerland as an example where the question was not governed by the patent law but by the Civil Code. When the nature of the service contracted for by the employee imposed on him an inventive activity, the inventions of the employee belonged to the employer. If the employee had not been engaged to exercise an inventive activity but nevertheless made an invention, it belonged to the employer if he expressly reserved it. But, the employee can claim compensation if the invention is of substantial economic importance. Inventions made outside these two cases belong to the employee.

10.15 Mr. BENDRIS (Algeria) said that, in principle, inventions made in the course of employment should belong to the employer. In practice, the question should be governed by the employment contract or by the personnel regulations of the enterprise in which the employee worked. In order to reinforce the position of the employee, Article 11 should say not only that the inventor was entitled to be named as such in the patent, but that the inventor must be named as such in the patent.

10.16 The DIRECTOR said that the discussion had convinced him of the need to distinguish between several situations and to provide general guidelines for them in the Draft itself: there should be a provision on adequate remuneration, especially wherever the making of an invention was not the duty of the employee; and, of course, it should also be made clear that inventions made completely outside the scope of the employment belonged to the employee.

10.17 The CHAIRMAN noted that it was the general desire of the Committee that the Article be amplified in the sense indicated by the Director in his last intervention.

Article 11

11.01 The CHAIRMAN opened the discussion on Article 11 and said that Mr. Bendris had already made a proposal.

11.02 Mr. BENDRIS said that he wanted the Article to be so modified that the naming of the inventor as such in the patent should become mandatory.

11.03 The DIRECTOR said that some inventors may not desire to be mentioned in the patent and this was a reason for which the Draft did not make the mentioning of the inventor mandatory. Furthermore, the text would be improved if it spoke about the "true inventor" rather than simply the "inventor" because in the case of Article 8 (3) inventorship rested on a mere fiction, the first applicant being considered to be the inventor.

11.04 Mr. SHER (Israel) suggested that the Draft should provide that no employee may waive his right to be mentioned as an inventor. Furthermore, the inventor should be allowed to apply to be named as such any time during the pendency of the patent application.

11.05 The DIRECTOR expressed agreement with the first suggestion of Mr. Sher. As to the second, he referred to the Commentary on the Draft which indicated that the inventor could always go to the competent court and ask that his name be mentioned in the patent.

11.06 Mr. SHER (Israel) replied that it was exactly this --namely the necessity for going to court-- that he wanted to avoid. It should be sufficient to present the request to the Patent Office.

11.07 The DIRECTOR replied that the question of true inventorship was frequently highly controversial and a delicate matter to decide. This was why any final decision should be made by a court rather than the Patent Office.

11.08 Mr. LACHMANN (United Nations) said that both here and in many other provisions of the Draft the question arose whether certain decisions should be made by the Patent Office, by a Ministry, or by the courts. Since the answer depended very much on the general division of Jurisdiction between and within the different branches of government, the choice between them should be left to the discretion of each country, and the Draft itself should merely speak about the "competent authority."

11.09 The CHAIRMAN noted that there would be inserted in the Draft a provision according to which the true inventor could not waive by contract his right to be named as the inventor in the patent.

Article 12

12.01 The DIRECTOR said that, before discussing the details of Article 12, it was necessary to know that the Draft provided for a system in which applications for patents were not examined by the Patent Office as to the question of whether the invention met the substantive requirements of novelty, inventiveness, etc., of the law. The Draft provided for a non-examination system because it was simple and cheap and yet effective, as proven by the situation prevailing in such non-examining countries as France. It might, of course, be possible that certain developing countries would desire some kind of examination. They could have full examination, or examination with opposition, or could merely prescribe that the applicant file a search report by the International Patent Institute. This last solution would be a first step towards an examining system. A non-examining system did not mean that the application was not submitted to any scrutiny by the Patent Office, since the Draft did require that in formal respects every application would have to be examined.

12.02 Mr. LARRAGUIBEL (Chile) suggested that the Article be completed by a provision requiring that the applicant name the true inventor or declare, under oath, that the identity of the true inventor was unknown to him. The latter provision would usually be necessary only if the novelty requirement were a national one rather than a universal one.

12.03 The DIRECTOR said that Article 12 could contain a provision stipulating that in appropriate cases the application could be accompanied by a declaration of the true inventor requesting that he be mentioned as such in the patent.

12.04 Mr. SHER (Israel) suggested that the Commentary should refer to the parallel provisions of the European Convention relating to the formalities of patent applications.

12.05 Mr. KANANI (Sudan) said that it was unnecessary to add the provision referred to by the Director in his last intervention, since the matter was already taken care of under Article 11.

12.06 The DIRECTOR replied that the addition would merely be a reminder of Article 11.

12.07 The CHAIRMAN asked whether there were any other remarks on Article 12.

12.08 The DIRECTOR said that it might be useful to provide either in the Draft or in the Regulations that powers of attorney did not necessarily have to be filed with the application but might be filed later, within a period of three months. In dealing with foreign applicants, this facility given to local agents or attorneys might be quite important.

12.09 Mr. SHER (Israel) suggested that a provision of this kind should not be put into the Draft. Any country which wished to adopt it could still do so either in the Law or in the Regulations. The provision might create some difficulties, particularly if the power of attorney were not filed within the prescribed time limit.

12.10 The CHAIRMAN noted that the consensus of the meeting was not to refer to the possibility of a later filing of a power of attorney. The matter would merely be mentioned in the Commentary.

Article 13

13.01 The DIRECTOR read and explained Article 13 which provided that the description must disclose the invention in a manner sufficiently clear and complete for it to be carried out by a person skilled in the art.

13.02 Miss BATCHELOR (Uganda) asked why the Draft did not provide for provisional specifications.

13.03 The DIRECTOR replied that the system of provisional specification was a peculiarity of the British patent system, unknown in most countries, and generally believed to be quite complicated.

13.04 Mr. SHER (Israel) said that the Article should expressly provide that the claims could not exceed the scope of the description or specification.

13.05 The DIRECTOR said that he found the suggestion of Mr. Sher acceptable.

13.06 Mr. JOGARAO (India) said that there was a general tendency on the part of applicants to make their description just sufficient to meet the requirements of the law without really trying to make it easy for third parties to carry it out on the basis of the description. He did not think that the Draft could be made more explicit in this respect but wanted to call attention to this practical difficulty.

13.07 The DIRECTOR replied that the problem was well known, and could not be solved by a different wording of the Article but only by a strict enforcement of its spirit. Insufficient disclosure was a cause of nullity, and thus there certainly was a weapon available to fight insufficient disclosure.

13.08 Mr. LACHMANN (United Nations) said that the Commentary should contain a warning to the effect that even a disclosure permitting the execution of the invention frequently did not permit its most efficient and economic execution. For that, the acquisition of drawings, plans and know-how was usually also necessary, and these were generally available only for additional payments.

Article 14

14.01 The DIRECTOR read Article 14 providing that "the application for a patent may relate to only one invention." The provision might be too concise and he would like to add some clarifications, for example to the effect that one and the same application may relate both to products and processes for the manufacture of the same products.

14.02 The CHAIRMAN noted that the Committee had no objection to the Article being completed along the lines suggested by the Director.

Article 15

15.01 The DIRECTOR read Article 15, concerning the steps an applicant claiming priority must take. The provision was, of course, of interest only to countries parties to conventions providing for priority, that is, the Paris Convention and the Pan-American Conventions. Suggestions were made that the Draft should give two months, after the application had been filed, for claiming priority, and an additional period of three months for filing the copy of the application on which the priority claim was based.

15.02 Mr. SHER (Israel) said that since the Draft contained no provision on the substantive aspects of the right of priority--on what it was, what its effects were--it would be illogical to include in the Draft provisions on its formal aspects, i.e., on how and within what periods the claim must be presented and proved. These aspects should be relegated to the Commentary.

15.03 Mr. TALERNGSRI (Thailand) said that the priority claim should be presented together with the patent application, and not later. Proof of the claim might be presented within three months.

15.04 The DIRECTOR said that in view of the intervention of Mr. Talerngsri, the Draft would not be changed. The Commentary would refer to the possibility of allowing two or three months for claiming priority.

15.05 The CHAIRMAN noted that the Committee agreed with the proposal of the Director.

Article 16

16.01 The DIRECTOR read Article 16, providing that no application would be accepted unless the application fee had been paid.

16.02 The CHAIRMAN noted that the Committee had no observation to make on this Article.

Article 17

17.01 The DIRECTOR read Article 17, concerning the examination of the application as to form. On the basis of a proposal made by the French Government, he would suggest changing the Article in the following respect: non-compliance with Article 14 should not lead to the refusal of the application. Instead, the applicant should be allowed to divide his application into as many applications as there were separate inventions covered by it.

17.02 Mr. SHER (Israel) desired to make four comments in relation to Article 17. First, all references to Article 14 should be deleted: in a system without examination, Patent Offices were not equipped to determine whether applications related to one or more inventions. Second, it should be made clear that as to the priority claim, Patent Offices would verify merely whether the formal requirements of Article 15 were complied with. They should not be required to examine whether the patent application and the basis of the priority claim really related to the same invention, as here too the judgement of expert engineers would be needed. Thirdly, the Draft should provide for the possibility of amending and dividing the application as initially filed. Fourthly, the Commentary should deal exhaustively with the advantages and different kinds of examining systems. An examining system gave a relatively reliable indication as to whether an invention was really patentable or not. This was important for developing countries desirous of exploiting inventions unfettered by patents. Various aids were available for examining systems: Patent Offices could ask for the search results in other countries; they could require the filing of an opinion given by the International Patent Institute; they might use other government offices or outside experts for examining; they might pool their forces in regional patent offices; they could use the aid of technical information centers established with the assistance of the United Nations or other international organizations.

17.03 The CHAIRMAN invited further comments on the merits of examination systems.

17.04 Mr. LACHMANN (United Nations) said that a system with examination was very desirable for developing countries. It would prevent the overburdening of the Patent Offices with carelessly filed and carelessly formulated applications which would be found invalid if they were examined and which, in a non-examining system, excluded potential importers and inventors. This led to unnecessary monopolies in an economy which should be as competitive as possible. National or regional technology institutes could examine applications from the technical viewpoints. The services of foreign and international agencies, particularly the International Patent Institute, could be enlisted. All this would help to exclude frivolous applications meant only to close off the market and not to develop it or to invest in it.

17.05 Mr. FINNISS (International Patent Institute) said that the International Patent Institute was founded by countries without an examining system precisely in order to give advice on the novelty of inventions. The Institute had a rich collection of patents and technical literature and an experienced staff of highly qualified examiners. Advice was given in three different forms. The simplest was when a list of patents and scientific publications was furnished on the topics covered by an intended or already filed patent application. The second kind consisted of a reasoned opinion on the question of the novelty of an allegedly original invention. Thirdly, the Institute assisted the Dutch Patent Office in the whole process of examination, including discussions with the applicants, the final decision alone on grant or refusal being reserved to the Dutch Office itself. In the proposed system of the "European patent"--a patent which would have force in the six countries of the European Economic Community--the Institute would give an opinion on the novelty of inventions for which an application had been filed in the European Patent Office. The Institute also undertook studies on the state of a given art, even if the study was not intended for use in connection with patent applications. The Institute could, on a contractual and ad hoc basis, be of service to the Patent Offices of developing countries even if such countries did not wish to adhere to the conventions which created the Institute.

17.06 Mr. MOSQUERA (Colombia) said that the interventions of Mr. Finniss and Mr. Lachmann only confirmed his opinion that a system with examination was essential even in developing countries. Such a system helped to eliminate applications relating to inventions which were not really novel. It also made it much more likely that patents would be valuable and would be upheld if attacked in a court. An opposition procedure, as known for example in the Colombian system, doubtless helped Patent Offices in their difficult task of determining the novelty of inventions.

17.07 Mr. BARREDA (Inter-American Association of Industrial Property) said that the choice between the two systems was probably the most important problem that the Draft had to face. There was no doubt that, in principle, the examining system was better. However, the practical difficulties were considerable, not only because it was difficult to find qualified examiners but also because it was difficult to constitute a documentation center which could keep abreast with the rapidly growing volume of technical knowledge in the world. A solution not yet mentioned would be the system of deferred examination. In any case the person whose interests were endangered if the patent were to be granted was usually well-equipped to prove that the application did not relate to a novel invention. This he could prove in an opposition procedure or before a court.

17.08 Mr. SHER (Israel) said that opponents did not always have the money and ready proof to fight the application of the applicant. Or they might compromise with the applicant. In both cases, patents which should not issue, would issue, and the public had to suffer the consequences.

17.09 The DIRECTOR said that in view of the strong feelings expressed in favor of a system with examination, the revised text and commentary would state the desirability of such a system and would refer to the various solutions calculated to work such a system which had been mentioned by the different speakers. He did not think that the formulation of an opinion, by the Patent Office, on the question of whether an application should be divided into several applications was really so difficult. As to priority, the Draft did not require Patent Offices to formulate an opinion on whether the first application and the subsequent application really related to the same invention.

17.10 Mr. BENDRIS (Algeria) said that it was unrealistic to recommend an examining system to developing countries, since their Patent Offices lacked both the staff and the documentation necessary for operating such a system. The Draft should maintain the non-examining system. In case of the presumably rare applications emanating from its own citizens, any developing country could still provide that such applications be submitted for advice, for example, to the International Patent Institute.

17.11 Mr. FINNISS (International Patent Institute) said that in no case should it be recommended to developing countries that they adopt a full examining system as it is known in the United States, Germany, and some other countries. At the most they should adopt a deferred examining system as recently adopted by the Netherlands and as contemplated in the draft of the European Patent Convention.

17.12 Mr. BENDANA (Nicaragua) said that the examining system was better suited for developing countries. Examination did not necessarily have to be carried out by the Patent Office itself; it could farm it out to associations of scientists or other appropriate bodies.

17.13 Mr. EGBUE (Nigeria) asked whether the services of the International Patent Institute were free of charge.

17.14 Mr. FINNISS (International Patent Institute) said that, obviously, the reply was negative. The fees varied according to the nature and volume of the service rendered. An opinion might cost £ 20 or it might cost £ 100. Special fees might be contracted if a country wished to use regularly the services of the Institute.

17.15 Mr. TALERNGSRI (Thailand) said that a limited examination system--for example, limited to locally available publications--would probably be more practical for developing countries than a system of complete examination as it existed, for example, in the United States. Also, there should be an opposition procedure as in Germany. It would be a mistake to leave the entire work to the courts. Some screening should be done by the Patent Office before the patent was granted.

17.16 Mr. LADAS (International Association for the Protection of Industrial Property and International Chamber of Commerce) said that any examination system would be impractical for developing countries. They delivered only very few patents, so that the cost of the system could not be spread among many applicants. The system would be too expensive both for the applicant and the Government, so much so that practically no one could take out a patent. Such a system would defeat the very purpose of the patent law which wished to encourage the taking out of patents.

17.17 Mr. SHER (Israel) said that opposition procedures were only practical in countries having an examining system, since both required the same kind of technically highly qualified Patent Office staff. On the question of the expense of examination, he disagreed with Mr. Ladas. An opinion by the International Patent Institute would cost between \$ 120 and 150. It was unreasonable to ask applicants to incur this expense. The ill effects on the national economy of a patent which should not have been granted would amount to thousands and thousands of dollars to the detriment of the general consuming public.

17.18 Mr. EGBUE (Nigeria) said that he was definitely in favor of a non-examining system since an examining system would be too expensive for a developing country even if it had recourse to the services of the International Patent Institute.

17.19 The DIRECTOR said that the text and the commentary would faithfully reflect the various opinions and would indicate different alternative solutions.

Fourth MeetingTuesday, October 20 1964: AfternoonArticle 18

18.01 The DIRECTOR read Article 18, which provides that patents are granted without the guarantee of the State as to their validity. This was a consequence of a system without examination. If a country adopted a system with examination, this Article should be left out.

18.02 Mr. SHER (Israel) said that even in a system with examination, the State never guaranteed the validity of the patent.

18.03 The DIRECTOR said that in countries with an examination system the responsibility of the Patent Office would be covered by provisions in the constitution of the country, or in its administrative laws, rather than in the Patent Law itself.

18.04 Mr. FINNISS (International Patent Institute) said that he wanted to revert to the question of fees charged by the International Patent Institute. Should a developing country decide to require a search report established by the Institute in the case of every patent application, such a measure would be of interest mainly to foreigners since it was expected that 90% or more of the applications filed in a developing country would be filed by foreigners. These foreigners could, without difficulty, pay the fees charged by the Institute. Domestic applicants would have to pay the same fees but most of the fees could be paid back to them in the form of aid to research or on the basis of some similar reasoning.

18.05 Mr. LACHMANN (United Nations) said that, since it was desirable to avoid any semblance of discrimination between nationals and foreigners, a system similar to that of legal aid could be introduced. Applicants who could demonstrate that they did not have the resources to pay for the search certificate of the Institute could have that certificate paid for by the government, while others who could not meet this test would, regardless of nationality, have to pay for the search certificate themselves. In most cases such a system would probably work in favor of domestic applicants.

Article 19

19.01 The DIRECTOR read Article 19, dealing with the registration of patents.

19.02 Mr. COWARD (Kenya) said that probably this was the provision in connection with which registrations existing at the moment of the introduction of the new law would have to be taken care of.

19.03 Mr. BENDRIS (Algeria) said that the registration of a patent might have to be cancelled not only in the case referred to in Article 19--non payment of annual fees--but also in other cases.

19.04 The DIRECTOR replied that the Commentary contained a complete list of facts susceptible of being recorded in the Register. However some additions to the Article would probably be desirable.

Article 20

20.01 The DIRECTOR read and explained Article 20 dealing with the publication of patents. It was not required that the entire patent be published; it was sufficient to have published only the essential elements.

20.02 Mr. SHER (Israel) suggested that the number of first application (i.e., the application on which the priority claim was based) should also be included among the elements to be published. Requiring that the contents of the claims be published was too ambitious because it was too expensive. This requirement should be dropped.

20.03 The DIRECTOR replied that the number of the first application should, as suggested by Mr. Sher, be included. As to the claims, he would be willing to replace the requirement of publishing the claims in extenso by requiring that a mere abridgement or summary of the claims should be published.

20.04 Mr. EGBUE (Nigeria) asked what was the reason for providing that the drawings and descriptions could be consulted free of charge.

20.05 The DIRECTOR replied that it seemed to be in the public interest that consultation of these papers be made as easy as possible.

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20.06 Mr. SHER (Israel) said that the actual costs of publication were borne by the applicant: he did not get his patent as long as he did not pay the publishing fee.

20.07 Mr. JOGARAO (India) said that the preparation of abridgements was a difficult and time-consuming work and represented a great burden for the Patent Office.

20.08 Mr. SHER (Israel) said that in his country it was found that the most practical solution consisted in having abridgements made by the examiners themselves. These abridgements were very condensed and it was understood that the Patent Office was not responsible for any possible discrepancies between the abridgement and the full patent.

Article 21

21.01 The DIRECTOR read and explained Article 21, dealing with the nature of the rights conferred by a patent. Whether a patent conferred upon its owner exclusive rights to do certain things, or the right to preclude third parties from doing certain things, was to a large extent a theoretical question. However, it might be better to employ the second formula and this was what he intended to do in the revised Draft. The wording of point (b) should be changed because it was somewhat awkward to speak about the "sale" of a process.

21.02 Mr. KANANI (Sudan) said that perhaps the word "import" in point (a) should be struck out since the whole purpose of the law was to promote the industrialization of the country, i.e. local manufacture.

21.03 The DIRECTOR replied that as long as the patentee had the exclusive right to "put on the market, offer for sale," the word "import" had a limited practical importance. The preoccupation of Mr. Kanani was being taken care of through a system of compulsory licensing in the case of non-working of the patent in the country. In that connection it was stated that importation was not deemed to amount to working.

21.04 Mr. TALERNGSRI (Thailand) asked for clarification of the meaning of the words "put on the market, offer for sale" in point (a).

21.05 The DIRECTOR replied that he himself did not very much like the expression "put on the market." It would be simpler and clearer to speak about "sale." Maintaining the expression "offer for sale" seemed to be desirable, because then infringements could be prevented, by intervening at a time when the perpetration of the infringements was in a preparatory stage.

21.06 Mr. MACAULAY (Sierra Leone) asked what the words "for the latter purposes" referred to.

21.07 The DIRECTOR replied that they were intended to refer to all the acts in connection with which the act of "stocking" might be visualized. The provision might be improved by a different wording.

21.08 Mr. SHER (Israel) said that if the introductory phrase of the Article was to read "to preclude third parties from," then there would be no need to speak about importation at all.

21.09 Mr. BENDRIS (Algeria) said that the concept of importation should be dropped in the Article since it ran contrary to the basic philosophy of the Draft which was to help the industrialization of developing countries.

21.10 The DIRECTOR said that as long as the Draft gave an exclusive right for sale, the notion of importation did not change the situation much. What use would there be to allow mere importation when the importer was not allowed to sell what he had imported? The right of sale could not conceivably be taken away because it went to the heart of the value of a patent. Naturally, if there was no working in the country, compulsory licensing could always be used against the patentee and, indeed, the Draft might include provisions allowing compulsory licensing even if there was working in the country by the patentee but vital national interests required that compulsory licenses be given to other persons.

21.11 Mr. MASSALSKI (International Federation of Patent Agents) said that maintaining the concept of importation was necessary also for safeguarding the interests of local inventors since otherwise they could not prevent the flooding of the domestic market by unauthorized imitations of their inventions manufactured abroad.

21.12 Mr. LACHMANN (United Nations) suggested that the wording of point (b) should be made clearer. The intention was that the patent right should extend only to products produced by the patented process and not also to the same products if produced by another process. This was what point (b) should state with more clarity.

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21.13 The CHAIRMAN suggested that point (b) be modified so as to take care of the suggestions of Mr. Lachmann.

Article 22

22.01 The DIRECTOR read Article 22 entitled "Limitation of Patent Rights." In paragraph (1) he would maintain only the first part of the sentence and strike out the second. To paragraph (2) the following words should be added: "of the country, unless the patent concerns a special application of the product."

22.02 The CHAIRMAN noted that the suggestions of the Director met with the general approval of the Committee.

Article 23

23.01 The DIRECTOR read Article 23 entitled "Scope of Protection."

23.02 The CHAIRMAN noted that the proposed Article met with no objection on the part of the Committee.

Article 24

24.01 The DIRECTOR read and explained Article 24 which, as it appears in the Draft, would allow persons who, at the time of the application, were in good faith manufacturing the product, or using the process, to have the right to continue to do so, notwithstanding the grant of the patent to another person. The provision was very narrow. It probably should be broadened so as to allow manufacture and use even by those persons who at the critical moment were in the process of making serious preparations for manufacture and use but had not yet actually started such acts. The French Government in its written comments proposed that the provision should be broadened even further and should allow manufacture and use even in the case where there was at the critical moment merely knowledge, without any manufacture or use or preparation for manufacture or use.

24.02 Mr. SHER (Israel) said that he agreed with the Director's suggestion that the provision should be broadened to include the case where preparations were being made for manufacture or use. The provision should also specify that it covered the case where the preparation, manufacture, or use, took place in the country itself. The French proposal should not be accepted.

24.03 The DIRECTOR replied that he would go along with the suggestions of Mr. Sher.

24.04 Mr. LARRAGUIBEL (Chile) said that the provision was in contradiction with the principle that patents could only be granted for novel inventions. If a person other than the applicant knew about the invention at the time when the application was filed, the invention was no longer novel and no patent should be granted.

24.05 The DIRECTOR replied that Article 24 covered the case where there was no public disclosure. In case of public disclosure, naturally the patent would not be valid.

24.06 Mr. LARRAGUIBEL (Chile) said that this intent did not clearly result from Article 24 as presently drafted and suggested that the wording be made clearer.

24.07 Mr. MASSALSKI (International Federation of Patent Agents) said that it was in the interest of developing countries to have a narrow provision. Consequently, the French proposal should not be accepted.

24.08 Mr. TALERNGSRI (Thailand) said that he agreed with Mr. Larraguibel that the provision was not very clearly drafted.

24.09 The DIRECTOR replied that in the redraft or in the Commentary it should be clarified that when the use of the process was published, or when the produce was on sale to the public, the patent would be invalid in view of the lack of novelty. As to the French proposal, the Director noted that he understood that the Committee did not wish to follow the proposal but that it would be ready to insert in Article 24 the notion of serious preparation with a view to manufacture or use.

24.10 Mr. TALERNGSRI (Thailand) said that persons who use, manufacture, or make serious preparations for either of these acts, should be required to notify the competent government authorities.

24.11 The DIRECTOR replied that it was not always possible to require such notifications because the persons involved might not know that they had made a patentable invention. If they knew it they would probably apply for a patent themselves.

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Article 25

25.01 The CHAIRMAN opened the discussion on Article 25, dealing with the duration of the patent protection and the annual renewal fees to be paid to keep the patent in force.

25.02 Mr. SHER (Israel) asked whether the use or manufacture of the patented invention by a person other than the patentee during the 6 months of the period of grace would constitute infringement. He also wanted to know why the Draft did not provide for the possibility of restoration of the patent after it has lapsed for non-payment of fees.

25.03 The DIRECTOR replied to the first question that during the period of grace the patent was valid but if the fee was not paid during this period then the patent lapsed retroactively to the date on which the period of grace began to run. As to the second question, the Director said that at the Lisbon Revision Conference of the Paris Union in 1958 there was strong opposition to allowing the restoration of patents. That was why the Draft did not provide for restoration.

25.04 Mr. TALERNGSRI (Thailand) asked whether the 20-year period of protection was suitable for developing countries.

25.05 The DIRECTOR replied that a relatively long period was necessary and useful for developing countries. In developing countries, the lead time for the introduction of a new invention was particularly long and if the time left for the use of the invention, after the use had started, was too short, it would be a deterrent to taking out patents. However, with respect to the period of protection, alternatives could be indicated.

25.06 Mr. BENDANA (Nicaragua) asked whether the 20-year protection computed from the date of the filing of the application was not too short in the case of countries where the examination might last as much as five years, as it would leave only 15 years of effective protection.

25.07 The DIRECTOR replied that the 20 years' duration was recommended with a non-examination system in mind. In the case of examination systems there could be a complementary provision fixing a minimum number of years computed from the grant of the patent.

25.08 Mr. SHER (Israel) said that any system in which the term was calculated from the date of the grant would disrupt the eminently desirable uniformity of terms among the various countries.

25.09 The DIRECTOR replied that the minimum to be calculated from the grant would probably be applied very rarely in practice and consequently would do no great harm to uniformity. In any case, he was ready to leave Article-25 as originally proposed.

25.10 Mr. COWARD (Kenya) asked whether there was a requirement in the Paris Convention to adopt a 20-year period.

25.11 The DIRECTOR replied that there was no such obligation in the Paris Convention.

25.12 Mr. VON HOLSTEIN (Council of Europe) said that in the Council of Europe, and among the countries of the European Common Market, the trend was towards a uniform term of 20 years from filing.

25.13 Mr. MOSQUERA (Colombia) asked what was more in the interest of developing countries: to compute the duration from the date of the application or from the date of the grant.

25.14 Mr. SELLAYAH (Ceylon) said that, as a practical matter, it was desirable to have a possibility of restoring patents which lapsed because of non-payment of annual fees.

25.15 Mr. VON HOLSTEIN (Council of Europe) called attention to the British system in which under certain exceptional circumstances the term of protection of a patent could be prolonged by the Patent Office beyond its normal duration.

25.16 The DIRECTOR, in reply to Mr. Mosquera, said that in a non-examination system it was of limited importance whether the term was calculated from the date of application or from the date of grant since the grant followed very soon after the application. In an examination system, computation from the date of application had the advantage of avoiding too long terms--because, if the examination lasted 10 years, the invention would still be protected by a patent after 30 years--and it would also avoid the curious situation where an invention would still be protected by a patent in one or two countries when the said invention had fallen into the public domain a long time ago in the rest of the world. The period of 20 years was chosen, not because this was the term proposed by the Council of Europe, but because of the long lead time for

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introducing inventions in developing countries. In any case, the Draft being a mere model, each country was free to adopt longer or shorter terms. The reason for which the Draft did not imitate the British system of extending protection beyond the normal duration of protection consisted in the fact that it was a complicated system and difficult to administer; consequently, it was believed that it would be too much of a burden on the administration of a developing country.

25.17 Mr. TALERNGSRI (Thailand) asked what would happen if a person other than the applicant used an invention during the time of the pendency of the application. Would he be regarded as an infringer?

25.18 The DIRECTOR replied that the question was of limited practical significance in non-examining countries. It was very unlikely that a person would start using an invention during the short time which elapsed between application and grant. In examining countries this time was usually much longer and there was no uniform solution to the problem. In most of these countries protection started only after the patent was granted but in some of these countries the protection was retroactive to the date of application, in which case the reply to the question of Mr. Talerngsri was that there would be infringement.

25.19 Mr. SHER (Israel) said that the question raised by Mr. Talerngsri should be re-discussed in connection with Article 47.

Article 26

26.01 The DIRECTOR read and explained Article 26, dealing with the assignment and transmission of patent applications and patents. He suggested that an additional provision be inserted dealing with joint owners of a patent. Such a provision could provide that joint owners of a patent may, separately, transfer their parts, exploit the patented invention, and exercise their patent rights, but may only jointly grant licenses to third parties.

26.02 Mr. SHER (Israel) suggested that paragraph (3) be amended so as to make registration compulsory. The law of which country, he wondered, should apply in determining the rights of patentees in the case of succession. Finally, he suggested that the new provision which was proposed by the Director should also deal with the question of who may sue for infringement.

26.03 The DIRECTOR replied, on the first point, that he hesitated himself between mandatory and optional registration of assignments. As to the second question, he did not think that any patent law could resolve it because this problem belonged in the wider context of conflict of laws on the international level. As to the third question, he would agree that the new provision authorize each joint owner to sue independently. The only thing that joint owners could not do independently was to grant licenses.

26.04 Mr. LARRAGUIBEL (Chile) said that the law of the country in which the patentee died should govern all questions of succession. As to the question of co-owners, the solution would probably be to adopt joint administration so that the joint owners should not be able to act in ways which would conflict with each other.

26.05 Mr. BENDANA (Nicaragua) said that the Draft did not make it clear whether it dealt with assignments mortis causa only or also with assignments inter vivos.

26.06 Mr. SHER (Israel) said that in his opinion patent laws should deal with the question of succession to the rights of the deceased patentee.

26.07 Mr. COWARD (Kenya) asked whether the Draft should not also deal with assignment by operation of law, such as pursuant to bankruptcy or insolvency.

26.08 The DIRECTOR said that he did not think that assignment by operation of law presented any special problems. They were assignments and the general rules concerning assignments should be applied to them.

26.09 Mr. SHER (Israel) replied that under common law a transmission by operation of law was not regarded as an assignment and therefore a special clause should be introduced in the Draft.

26.10 Mr. SELLAYAH (Ceylon) said that no provision on succession should be written into a patent law. The general laws concerning succession should govern.

26.11 The DIRECTOR said that if one inserted the expression "by succession or by act of law", the point raised by Mr. Coward, Mr. Bendaña, and Mr. Sher would be covered. A reference to general rules of law would be possible.

26.12 Mr. LACHMANN (United Nations) said that the points raised in connection with Article 26 were really extraneous to the law of patents. They should be left to the general laws of each country.

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Articles 27 to 30

27/30.01 The DIRECTOR read and explained Articles 27 to 30, dealing with contractual licenses. The provisions of Articles 28 to 30 were permissive rather than mandatory, i.e., could be put aside by contract. Their main purpose was to help to interpret contracts where they were silent or unclear on certain questions.

27/30.02 Mr. MACAULAY (Sierra Leone) asked what the reference to "third parties" meant in Article 27 (3).

27/30.03 The DIRECTOR referred to the explanations contained in the Commentary.

27/30.04 Mr. LARRAGUIBEL (Chile) said that the legal effects of a license contract, when registered, could be compared to those of a registered mortgage on a piece of real property (land).

27/30.05 Mr. LACHMANN (United Nations) said that the Commentary should point out that the freedom of the contracting parties under a license contract was not unlimited because anti-trust laws or even Article 31 of the Draft might oblige them to keep within certain limits.

27/30.06 The DIRECTOR said that he agreed with the remarks of Mr. Larraguibel and Mr. Lachmann.

27/30.07 Mr. MACAULAY (Sierra Leone) said that the registration of license contracts should be made mandatory.

27/30.08 The DIRECTOR said that, naturally, any country could change the Draft and require the registration of license contracts. The Commentary would indicate this possibility.

27/30.09 Mr. MACAULAY (Sierra Leone) expressed the view that it would be preferable if the Draft itself spoke of mandatory registration.

27/30.10 Mr. RENDANA (Nicaragua) said that he too would prefer a provision requiring registration.

27/30.11 Mr. SELLAYAH (Ceylon) agreed with those speakers who asked for mandatory registration. It would constitute a safeguard against dishonest double licensing.

27/30.12 Mr. BENDRIS (Algeria) said that not only licenses but also assignments should require to be registered; and this not only for the purpose of avoiding double transfers or licenses but also to create a basis for the State control of the repatriation of profits by foreign investors and general foreign exchange control.

27/30.13 Mr. SHER (Israel) said that exclusive licenses should require to be registered. In the case of non-exclusive licenses, to sanction the lack of registration with the nullity of the license contract would constitute an excessively harsh measure.

27/30.14 Mr. SELLAYAH (Ceylon) said that compulsory registration was the only way to avoid abuses.

27/30.15 Mr. BENDRIS (Algeria) said that it was indispensable to have all license contracts registered since otherwise Government control of them would become very difficult.

27/30.16 The DIRECTOR said that in view of the discussion, a system of compulsory registration would have to be adopted.

27/30.17 The CHAIRMAN noted that there were no observations offered by any member of the Committee on Articles 28, 29 and 30.

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Fifth Meeting

Thursday, October 13, 1964: Morning

Article 31

31.01 The DIRECTOR read and explained Article 31 entitled "Contracts Concluded with Foreigners." The provision was not typically a patent-law provision; it did not have to be included in a patent law; as a matter of fact, currency control and anti-trust laws would probably be a more logical place for a provision of this kind.

31.02 Mr. SHER (Israel) said that the provision, establishing a discrimination between nationals and foreigners, might be regarded as contrary to the Paris Convention.

31.03 The DIRECTOR said that the Article could very well speak about "contracts involving payment abroad" rather than "contracts concluded with foreigners," in which case any semblance of discrimination would disappear.

31.04 Mr. SHER (Israel) said that this Article, aiming at economic control in situations in which patents may play only a very secondary role, should be omitted from the Draft. If it was maintained, then it should be limited to paragraph (1), to make it less rigid.

31.05 Mr. LACHMANN (United Nations) said that the Article was unnecessary for countries in which the general legislation already took care of the problem under foreign exchange control or other broader laws or regulations. In any case, paragraphs (2) and (3) should be eliminated. Paragraph (1) should indicate that government control was exercised from the viewpoint of the value or contribution of the license contract to the needs of the country and its economic development. Such a clause could be of decisive interest for developing countries.

31.06 Mr. JOGARAO (India) said that the question should be decided on its own merits without regard to the provision's conformity or non-conformity with the Paris Convention. Looking upon the question from this independent viewpoint, paragraphs (2) and (3) should be omitted, whereas paragraph (1) could either be referred to in the Commentary or maintained in the Draft. It was not very important which of the two solutions was followed as long as attention was called to the need for regulating the matter, in or outside the patent law.

31.07 Mr. SELLAYAH (Ceylon) said that the provision had no place in a patent law and should be omitted from the Draft.

31.08 Mr. EGBUE (Nigeria) said that only paragraph (1) should be retained in the Draft.

31.09 Mr. MACAULAY (Sierra Leone) said that paragraph (1) should remain in the Draft; the ideas underlying paragraph (2) should be referred to in the Commentary; and paragraph (3) should disappear altogether, since it was superfluous.

31.10 Mr. BARREDA (Inter-American Association of Industrial Property) expressed the view that the Article under consideration was entirely economic in nature and, having nothing to do with patent law, should not be included in the Draft. Naturally, a patent law had many side-effects, not only on foreign exchange control, but also on taxation, labor relations, etc. Still, the Draft did not go into the taxation and labor aspects: it should not go into the foreign exchange aspects either. In many developing countries, including most Latin-American countries, there was no foreign exchange control, and it was well known that the whole policy of the International Bank was one favoring free exchange. Paragraphs (2) and (3) were superfluous since they either went without saying or they repeated what the general law of contracts already covered. If paragraph (1) were maintained, it should be so modified as to require the registration of contracts without Government approval.

31.11 Mr. BENDRIS (Algeria) said that a provision of the kind represented by Article 31 was doubtless necessary for most of the developing countries and therefore the basic ideas it contained should be reflected in the Draft.

31.12 Mr. KANANI (Sudan) said that in most developing countries one of the most important economic problems was how to control the agreements between foreign investors and the local firms with which the foreign investors frequently constituted partnerships. Many developing countries had planned economies. Consequently, they needed to know what was going on in the field of contracts with foreigners. Paragraph (1) should therefore be maintained in the Draft and paragraphs (2) and (3) should be omitted.

31.13 Mr. TALERNGSRI (Thailand) said that points (a) and (b) of paragraph (2) were in contradiction with each other and that paragraph (3) was clearly superfluous. As far as paragraph (1) was concerned, this was a provision which, although probably very useful in the case of some developing countries, had no place in a patent law. Consequently, the entire Article 31 should be omitted.

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31.14 Mr. JIMENEZ (El Salvador) said that in the present era the economic school of laissez-faire was no longer followed by governments. Consequently, most governments were, and should be, interested in what kind of license contracts were concluded between their nationals and foreigners. The Article should therefore be maintained in the Draft.

31.15 Mr. FINNISS (International Patent Institute) said that it was very frequently difficult or impossible to say whether a contract had been concluded with a foreigner or not. This was so because many foreign companies founded sister companies in various countries or went into partnership with local companies. It would, therefore, be much safer not to make any distinction between nationals and foreigners and to state in the Article that every license contract had to be submitted for the approval of the Minister responsible for industrial property matters.

31.16 Mr. MASSALSKI (International Federation of Patent Agents) said that the issue was not whether a country should follow a policy of laissez-faire or not. It was a much narrower issue, namely, whether a provision on economic relations with foreigners should be inserted in a patent law or should be left to a more general regulation. In his opinion there was no doubt that the provision should be left out of the Draft and the need for possible government control merely referred to in the Commentary. In any case, the Article speaking only about license contracts, did not achieve its intended purpose. Assignment of patents, just as important economically as the licensing of a patent, was not covered.

31.17 Mr. LADAS (International Association for the Protection of Industrial Property and International Chamber of Commerce) said that if a country had a planned economy, then the Article under consideration was much too sketchy and should go into many more details. If it had no planned economy, then the Article was wholly superfluous because the government did not control foreign trade or foreign investments. In any case, the problems involved far exceeded the scope of a patent law and no attempt should be made to regulate them in the Draft.

31.18 Mr. LARRAGUIBEL (Chile) said that for all the reasons marshalled by previous speakers and for the added reason that the proposal would put completely arbitrary powers into the hands of the governments, the Article should be taken out of the Draft.

31.19 Mr. SELJAYAH (Ceylon) insisted that the questions dealt with in Article 31 were extraneous to patent law and therefore the provision should disappear from the Draft.

31.20 The DIRECTOR said that the Article was inserted in the Draft mainly to call the attention of underdeveloped countries to the special problems which relationships with foreign investors or foreign patentees might involve. The discussion had convinced him that paragraphs (2) and (3) should be omitted. Paragraph (1) should probably be maintained in the Draft itself, subject to the change referred to earlier in the discussion, namely, that the provision should speak about contracts involving payments abroad rather than contracts concluded with foreigners. The Commentary would indicate that the Article was optional and could be omitted, particularly if the general laws on economic control had already taken care of the problem. It was useful to have the Article in the Draft because it emphasized that developing countries adopting a patent law were still in a position to exercise effective government control on license agreements concluded under their patent law.

Article 32

32.01 The DIRECTOR read and explained Article 32 entitled "Invalid Clauses in License Contracts." This was another Article which was not, by its nature, a necessary part of a patent law. It was more in the nature of an anti-trust provision and would probably be unnecessary for countries which had anti-trust laws. The intent of the Article was to limit a patent monopoly to its proper scope. It was directed against so-called "tie-in" clauses in license contracts. The situations referred to in points (a), (b) and (c) of paragraph (2) were mere examples and should be introduced by the words "in particular" to make it clear that the enumeration was not a limitative one.

32.02 Mr. SHER (Israel) said that a provision of the kind under discussion was very useful, at least for those countries which had no legislation on restrictive business practices. However, the Article should not only give examples of limitation which could lawfully be stipulated in license contracts, but it should also give examples of unlawful limitation such as tie-in clauses.

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32.03 Mr. LACHMANN (United Nations) said that the examination of the validity of the license contracts from the viewpoint of whether they contained any undesirable extensions of the patent monopoly should be carried out by the government authority referred to in Article 31, and should be carried out at the same time as such government authority examined the license contract from other viewpoints as well. Consequently, Article 32 should be replaced by an addition to Article 31. This would result in Article 31 having the following structure: Paragraph (1) of Article 31 would be as it is in the Draft, subject to the amendments outlined during the discussion. Paragraph (2) would provide that in passing on the license agreements, the administrator of the authority concerned would, among other criteria, take into consideration the following: (a) the contract's effect on economic development, (b) the contract's effect on the balance of payments, (c) the reasonableness of the limitations imposed upon the licensee with regard to the degree, extent, territory, etc., of the exploitation. All these matters would be subjected to the discretionary evaluation of the administrative authority, and it would not be necessary to pass judgement on the question of whether the limitations were legal or illegal. Whether such clauses should be allowed to survive or not would then be judged from an economic point of view by the administrative authorities of the government.

32.04 Mr. LADAS (International Association for the Protection of Industrial Property and International Chamber of Commerce) said that, to take an example, the US anti-trust law dealt with patents and with restrictions in licensing contracts, not in themselves, out from the viewpoint of whether restrictions in such agreements prevented or distorted competition. In passing upon such questions the courts had to look on the entire economic situation involved. A patentee is allowed to fix the price of the product sold by his licensee but he usually loses this right if he (i.e.) the patentee) has several licenses or several patents. In other words, the problem was not really whether a clause in an individual agreement was valid, but whether that clause, taken in the context of the whole economic situation, amounted to restraint of trade or not. Paragraph (1) did not say anything about restraint of trade although this was the most important factor. Consequently, the best solution would be the one recommended by Mr. Lachmann. The government authority, to which the license contract would be submitted for approval, would look at each clause of the agreement in the context of the whole economic situation involved.

32.05 The DIRECTOR said that, without taking sides, he wanted to call to the attention of the Committee a basic difference between Articles 31 and 32. Article 31 dealt only with situations in which foreigners or payments abroad were involved, whereas Article 32 dealt also with situations which were entirely domestic. Naturally, one of the questions which the government authority might take into consideration under Article 31 was the question whether the license contract was in restraint of trade. However, Article 32 interested not only the government but also the licensee. The latter might attack, before a court, the license contract and ask for those clauses of his contract to be declared invalid which were in restraint of trade.

32.06 Mr. LACHMANN (United Nations) said that when he made his last proposal he was under the impression that Article 31 would be modified according to the suggestions by Mr. Finniss, that is, that it would extend to all license agreements, even to those which had no foreign element in them.

32.07 The DIRECTOR said that he did not understand the intervention of Mr. Finniss as tending to enlarge the field of application of Article 31. He was under the impression that Mr. Finniss had wanted to point out the limited scope of that Article.

32.08 Mr. FINNISS (International Patent Institute) said that his intervention referred to Article 31 as it appeared in the Draft, that is, the provision speaking about "foreigners." Naturally, if the Article were to speak about "payments made abroad," then the difficulties to which he called the attention of the Committee disappeared.

32.09 The CHAIRMAN said that it had been decided that Article 31 would speak about payments abroad.

32.10 The DIRECTOR said that the US anti-trust law would not be easy for developing countries to follow because it was very complicated and required long judicial experience in its application. Article 32 was perhaps less flexible, but it would certainly be more easy to apply. It would seem to be preferable not to insert in Article 31 the ideas contained in Article 32. On the one hand, such insertion was not necessary, because when the government agency examined a license contract it might well make its approval dependent on the restrictive aspects of such contract. It might also be that the government authority would approve a license contract even if it contained restrictive clauses. Even then, however, it would be possible to disregard these clauses or attack them before a court. Thus, maintaining Article 32 was important also for the private interests of the licensee.

32.11 Mr. MASSALSKI (International Federation of Patent Agents) said that Article 32 was capable of having much more serious consequences than Article 31. According to Article 31 it was possible not to approve a license, but according to Article 32 some clauses of a license contract, signed and possibly also approved by the government authority, would be null and void ab initio.

32.12 The CHAIRMAN said that the Article would be maintained in the Draft, subject to the drafting changes referred to by the Director.

Article 33

33.01 The DIRECTOR said that Articles 33 and 34 dealt with two cases for compulsory licenses: the first with compulsory licenses in the case of non-working, and the second with compulsory licenses in the case of interdependence of patents. The discussion on the previous days had shown that there was probably a third case in which compulsory licenses should be permitted. This would be the case of products and processes declared to be of vital importance for the country. They could be discussed after Articles 33 and 34, or between the two. As to Article 33, dealing with non-working, several proposals had been made, particularly by the French and U.S. Governments, and some of these proposals seemed acceptable. They would make the provision more compact. Paragraph (1) contained five points, from (a) to (e). As to point (a), the French Government proposed that the words "to a sufficient extent" be replaced by a reference to paragraph (3) which defined what working consisted of. This amendment would make the provision more definite, as "sufficient extent" was rather difficult to construe. Point (b) would also allow the granting of compulsory licenses for importation. Point (c), on the other hand, would allow the granting of compulsory licenses in order to prevent excessive importation. As to point (d), the French Government proposed that part (i) of this point be deleted as being already comprised in the wider provision of part (ii). The observation was correct and could be adopted. As to point (e), the French Government made the observation that it was already covered by Article 32. It could, therefore, be deleted without any harm. This suggestion would also help to simplify the Article and should be followed. Paragraph (2) provided that a compulsory license should not be granted if the patentee justified himself by legitimate reasons. This provision was necessary as there were patents which could not be exploited for several years because of the nature of the invention (for example, patents relating to the construction of bridges or railroad locomotives). It was important to note that the same paragraph provided that importation should not constitute a legitimate reason. Finally, paragraph (3) defined the notion of "working."

33.02 The CHAIRMAN said that the Spanish translation of paragraph (1) was defective. "Cuando" should be inserted as the first word at the beginning of each of the five points (a) to (e).

33.03 Mr. BARREDA (Inter-American Association of Industrial Property) said that, instead of making a patent subject to compulsory license on request of a would-be exploiter, the law should oblige the patentee to offer to license the use of his patent. He should make this offer by publishing an announcement in the official gazette or in newspapers. Such a method would be particularly useful in countries in which the patents were not published by the Patent Office and there would therefore be no other way for the general public to know about the patent than by reading the announcement offering licenses.

33.04 The DIRECTOR said that, according to the Draft, it would not be possible for any country not to publish the patents it granted, or at least a summary of the claims. The possibility of public offering of licenses was covered by the Draft, although in a different context, in Article 43.

33.05 Mr. MASSALSKI (International Federation of Patent Agents) said that the need for a provisional or compulsory license was obvious and it was not subject to discussion. The text of paragraph (1) was still too long and complicated and gave the impression that compulsory licenses could be granted for almost any reason. This would considerably diminish the value of patents and would deter investment, so important for developing countries. The words "on reasonable terms" in point (b) were particularly vague and could be interpreted quite arbitrarily. It would be enough to replace the whole text of paragraph (1) by a provision stating that if a patented invention capable of being exploited in the country were not exploited within the terms of paragraph (3), on reasonable terms, then a compulsory license could be granted.

33.06 Mr. LACHMANN (United Nations) said that the main purpose of the patent system in developing countries was the stimulation of the introduction of new technology in these countries. The Draft with its various waiting periods did not adequately satisfy this need. What the Draft should provide was that where a patent was not being worked in the country by the patentee, a compulsory license should be granted to any other person who made a reasonable proposal to work it. Such a compulsory license should be available not only after three or four years, as proposed by the Draft

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but any time before it as well. One could propose, for example, that when a compulsory license was being applied for, the patentee be given a short period, for example, six to twelve months, to come forward with his own proposal to work the invention. If the patentee did not come forward with a reasonable proposal within this period, then the compulsory license should be granted immediately. There was a second problem which should also be considered in connection with non-working. It concerned the situation in which, after a certain period of time, it became apparent that the patent given should not be worked in the country because of the economic conditions or other important reasons prevailing in the country. There were many invention which, by their nature, were totally unsuitable for exploitation in countries having only very rudimentary industrial plants. In such a case the patent had completely failed its purpose and was merely an obstacle to the importation of competing, cheaper products. In such a case, a patent should be declared to lapse, after a certain time from the date of its grant, for example, three years.

33.07 Mr. SHER (Israel) said that his country's experience with a provision of the kind contained in Article 33 of the Draft had been good. Although the cases where compulsory licenses were applied for were not frequent, the provision still served a purpose, namely, that the patentees, in order to avoid compulsory licenses, were more inclined to give contractual licenses on reasonable terms. The last proposal made by Mr. Lachmann tending to repeal patents was not acceptable. It would mean that many patents would be granted only for three years. This would render the patent system nugatory.

33.08 Mr. TALERNGSRI (Thailand) said that he agreed with the last proposal made by Mr. Lachmann, namely, that patents should be revoked if they were not worked within a certain period of time after their grant. Patents were granted in order to develop local industry and to acquire foreign technical knowledge and know-how, and if these were not forthcoming within a reasonable period of time --six or seven years--the patent should lapse.

Sixth MeetingWednesday, October 21, 1964: Afternoon *Article 33, continued

33.09 The CHAIRMAN welcomed Mr. Sumodiredjo, Expert for Indonesia.

33.10 The DIRECTOR said that whatever the Committee might later decide on revocation and compulsory licenses, even in the case of working, it would be desirable first to deal with the question of compulsory licenses for non-working and complete the discussion of Article 33. At the present stage of the discussion, this Article would be amended in the following three respects: first, in paragraph (1) (a), the words "to a sufficient extent" would be replaced by a reference to paragraph (3); second, paragraph (1)(d)(i) would be deleted; third, paragraph (1)(e) would be deleted.

33.11 Mr. BENDRIS (Algeria) said that the three to four years' waiting period provided for in Article 33 seemed to be too long, although he recognized that it could not be shortened too much either, because of the time needed to introduce new techniques. It was important to emphasize that not only Article 33 but also Articles 31 and 32 of the Draft were of the greatest significance to developing countries. They were the Articles which received the greatest attention and were most welcome in his country. Perhaps some drafting improvements could be made in them but they were basically sound and should be included in the new Draft without changing any of their main features.

33.12 Mr. SELLAYAH (Ceylon) said that Article 33 should be accepted as it was in the Draft and subject only to the amendments enumerated in the last intervention of the Director. The suggestions made by Mr. Lachmann should be mentioned in the Commentary, so that the attention of the countries would also be called to those possibilities.

* Mr. Peltzer being absent, Mr. Jogarao was in the Chair.

33.13 The CHAIRMAN said that it had been decided to include Article 33 in the revised Draft, subject to the amendments suggested by the Director.

33.14 Mr. Jogarao (India) said that on the basis of the experience which his country, India, had gained in connection with a similar provision in the Indian Patent Law, he could affirm that the kind of provision under discussion was necessary and useful for developing countries. He wanted to express his appreciation to BIRPI for having dealt with the problem of compulsory licenses and given it careful consideration.

Article 33 bis

33bis.01 The DIRECTOR said that, before turning to Article 34, the Committee might wish to probe a little more into the question which he had raised during the morning session, that is, the possibility of a compulsory license which could be granted regardless of any waiting period. In this connection, the Committee might wish to bear in mind the observations made by Mr. Lachmann who said that the term of three or four years provided for in Article 33 was too long and who proposed that the patentee should declare after a much shorter period of time whether he intended to exploit his invention or not.

33bis.02 Mr. LACHMANN (United Nations) asked for permission to interrupt in order to clarify his proposal which was not quite as radical as the last words of the Director would seem to indicate. He wanted to distinguish between two cases. The first was the case in which a potential licensee came forward with a practical plan for working a patent, and came forward with it before three or four years had elapsed since the grant of the patent. In this event, the potential licensee should not be asked to wait for several years. Instead, the patentee should be put on notice of, say, six or twelve months, during which he could either start the working of the invention himself or come forward with a reasonable plan for working to start within a reasonable period of time. If he failed to do either of these, the compulsory license would be granted. The other case would be where nobody was ready to work the invention, neither the patentee nor anyone else. In this case, the patent protection should not continue, because its sole effect would be to give the patentee an import monopoly. In such case, after the expiration of three or four years from the grant of the patent, the patentee should be put on notice that unless he came forward with a plan for working within a reasonable time, his patent would be repealed.

33bis.03 The DIRECTOR said that the right balance between patent protection and compulsory licenses was extremely delicate. It was like the holes in the Gruyère cheese. The patent was the cheese and the compulsory licenses were the holes in it. Too many holes would make the cheese unattractive to buyers. Too stringent working provisions, too many possibilities of granting compulsory licenses, would deprive patents of their value. Inventors and industrialists would no longer apply for them and would seek to go to other countries to establish their plants and invest their money. A draft model law which would make the grant of compulsory licenses very easy might look attractive on paper to the governments of developing countries, but it would be a disservice to them if they adopted such a law, because it would deter investment and industrialization.

33bis.04 Mr. FINNISS (International Patent Institute) said that he fully shared the views of the Director. Developing countries needed technical knowledge and know-how and desired rapid industrialization. One of the possibilities of attaining these goals was attracting foreign know-how and foreign capital through patent protection. Consequently, it was inadvisable to weaken the patent system too much. The question was one of just equilibrium between exclusive rights and compulsory licenses.

33bis.05 Mr. SHER (Israel) said that one should never lose sight of the main purpose of patents for developing countries. The main purpose was not information on new inventions through disclosure in the patent. This information was available to developing countries through technical literature and the patent specifications of other countries. What was important for developing countries was that they should acquire technical know-how through the working of the patent in cooperation with the patentee. Know-how could not be obtained by force or by compulsory licenses. It could only be obtained by the voluntary cooperation of the patentee. Consequently, developing countries needed a patent system which was sufficiently attractive for the patentee to come into the country, work his patent there, and share his know-how with the local industry. Nevertheless, there were certain areas where the working of the patent in the country might be of special urgency to public interest. Foods and drugs belonged primarily in this area. Special provisions might be in order in this respect and possibly in other fields vitally important to the national economy, e.g., iron or oil. But the revocation of patents because of non-working, as suggested in the second of the two proposals of Mr. Lachmann, would go too far and should be avoided.

33bis.06 The DIRECTOR said that the discussion seemed to reveal the desirability of introducing a new article after Article 33, which should provide that the governments of the country might, by order, stipulate that the granting of compulsory licenses could take place without any waiting period, if the patent related to products and processes which were of vital importance for the defense of the country, or to its economy, or to public health. Such a compulsory license would allow the working of the patented invention in the country as well as the importation into the country of the patented product or of the product resulting from the patented process.

33bis.07 The CHAIRMAN noted that there were no further observations and the proposals of the Director met with general approval.

Article 34

34.01 The DIRECTOR read and explained Article 34, dealing with compulsory licenses based upon the interdependence of patents.

34.02 The CHAIRMAN noted that the Draft was not the subject of any suggestions on the part of the members of the Committee and could be regarded as meeting with their approval.

Article 35

35.01 The DIRECTOR read and explained Article 35 which provided that, before a compulsory license could be granted, the applicant must furnish evidence showing that he had asked for a contractual license from the patentee but was unable to obtain one on reasonable terms.

35.02 Mr. MONTES (Haiti) said that since this Article called for contacting the patentee, and since the patentee was frequently a resident of a foreign country, there should be a provision which obliged the patentee to elect domicile in the country.

35.03 Miss BATCHELOR (Uganda) said that the Article should also provide for the case where the patentee could not be traced.

35.04 Mr. BENDRIS (Algeria) said that it was indispensable that a foreign patentee appoint an agent in the country who should act on his behalf in connection with contractual licenses. This provision could be inserted in Article 12.

33.05 Mr. MONTES (Haiti) said that it was not enough to oblige the patentee to appoint an agent. The patentee should be obliged to elect domicile; otherwise the decisions of the administrative authorities could not be enforced vis-à-vis the patentee. Such decisions could not be enforced vis-à-vis agents.

35.06 The DIRECTOR said that if the patentee could not be located, then it was proven facto concludente that it was not possible to obtain a contractual license. As to the notification of the patentee, perhaps the best solution would be to provide that he must be notified by registered letter and that, if he was a foreigner, two letters should be sent, one to his elected domicile, as provided in Article 12, and one to his address abroad.

35.07 The CHAIRMAN said that this was a rather small procedural matter, and could be resolved in the course of the drafting of the revised text.

Article 36

36.01 The DIRECTOR read and explained Article 36, providing that a compulsory license could only be granted if the applicant offered sufficient guarantee that he was in a position to remedy the deficiencies which gave rise to the grant of the compulsory license. It was only natural that compulsory licenses should be granted only to persons who were in a position to work the invention and were able to satisfy the requirements set out in the decision obligating the patentee to grant a license. Naturally, the provision did not relate to compulsory licenses granted under Article 34.

36.02 Mr. SHER (Israel) said that a compulsory licensee might not be able to remedy all the deficiencies, but only part of them.

36.03 The DIRECTOR replied that the problem could be taken care of by adding the word "sufficiently" before the words "to remedy."

36.04 The CHAIRMAN said that, subject to this amendment, the Article appeared to meet with the general approval of the Committee.

Article 37

37.01 The DIRECTOR read and explained Article 37, which provides that compulsory licenses shall be non-exclusive and that they may contain restrictions and be subject to specified conditions. It was important that compulsory licenses be non-exclusive because otherwise not even the patentee could compete with the compulsory licensee. In such a situation, the compulsory license would amount to expropriation, which was evidently not intended.

37.02 Mr. LACHMANN (United Nations) said that since patents were granted in order to provide monopoly protection, he did not very well see how anybody would seek a compulsory license if he were not given a monopoly of exploitation. Why would a compulsory licensee invest in the exploitation of an invention if he had to compete with the patentee or other licensees, or the imported products of the patentee?

37.03 The CHAIRMAN said that it was left to the discretion of the government authority to decide how many compulsory licenses it should authorize, and under what conditions. In making this decision, the government authority would doubtless keep in mind that it had to give a sufficiently strong position to the licensee to make it worth while for him to exploit the invention.

37.04 The DIRECTOR said that as far as the problem of importation was concerned, the conditions of the compulsory license could take care of it. As to the non-exclusiveness of compulsory licenses, it should be noted that once a compulsory license was granted, it frequently became an exclusive license de facto since nobody else was going to consider it worth while to ask for a compulsory license. In any case, the possibility to grant several compulsory licenses, and the possibility for the patentee to compete with the compulsory licensee, should be left open in the very interest of the country, because it was important for the country that the invention be exploited to the greatest possible extent.

37.05 Mr. SHER (Israel) said that, according to what was usual in other laws, restrictions and conditions for a compulsory license were generally imposed on the licensee only and not on the patentee. Importation could be prevented. This, however, need not be done in the compulsory license but by the general government regulations on the importation of foreign goods. If there was any restriction or obligation which might be imposed on the patentee by virtue of the Article under consideration, this should be specified in the text of the Draft.

37.06 The DIRECTOR said that the revised text of the Article would make it clear that the restrictions might relate both to the licensee and the patentee.

Article 38

38.01 The DIRECTOR read and explained Article 38, dealing with the assignment of compulsory licenses.

38.02 The CHAIRMAN noted that there were no observations on the part of the members of the Committee.

Article 39

39.01 The DIRECTOR read and explained Article 39, providing that compulsory licenses may be granted only subject to the payment of adequate royalties determined by the extent to which the invention was going to be worked.

39.02 Mr. BENDRIS (Algeria) suggested that the Article provide that the amount of the royalty shall be fixed after obtaining the advice of the Conseil supérieur économique et social, or whatever body might correspond to it in countries other than Algeria.

39.03 Mr. SHER (Israel) suggested that all procedural questions should be discussed in connection with Article 42.

39.04 The DIRECTOR said that the suggestion made by Mr. Bendris seemed to be adequately covered in Article 42.

Article 40

40.01 The DIRECTOR read and explained Article 40, providing that compulsory licenses may, at the request of the interested party, be registered at the Patent Office, upon payment of a fee, and that the compulsory license shall have no effect against third parties if it is not registered. This text should provide for compulsory registration.

40.02 Mr. SHER (Israel) said that there should be no fee for the registration. It should be done ex officio upon notification by the authority having granted the license.

40.03 The CHAIRMAN said that there should be no fee.

40.04 The DIRECTOR said that the court allowing the compulsory license would notify not only the parties but also the Patent Office, which would proceed to the registration.

40.05 Mr. LACHMANN (United Nations) said that lack of registration should not make the license invalid but merely ineffective vis-à-vis third parties.

40.06 The CHAIRMAN said that this was understood.

40.07 Mr. BENDRIS (Algeria) said that copies of all acts relating to assignments and to licenses, whether compulsory or contractual, should be required to be filed with the Patent Office.

40.08 Mr. SHER (Israel) said that, of course, filing should be required only for such licenses as related to production within the country.

40.09 The DIRECTOR said that for both types of licenses --contractual and compulsory--the revised Draft would provide that they "shall" be registered. However, the consequences of non-registration would not be nullity, but merely lack of effectiveness in respect of third parties.

Article 41

41.01 The DIRECTOR read and explained Article 41, relating to the amendment and cancellation of compulsory licenses.

41.02 Mr. LACHMANN (United Nations) said that the Article made the seeking of compulsory licenses very unattractive. Why should anybody invest in exploiting an invention on the basis of a compulsory license when he would have to compete with the patentee or the patentee's contractual licensees, and when even the compulsory license itself might be withdrawn?

41.03 Mr. SHER (Israel) said that the objections of Mr. Lachmann could be taken care of by changing, in paragraph (1), the word "shall" to "may". Then, the competent authority could take into account the interests of the licensee when considering a request that the compulsory license be cancelled.

41.04 Mr. MACAULAY (Sierra Leone) agreed with the observations made by Mr. Lachmann. The provision should be amended so that the risks that the holder of a compulsory license runs of seeing his license revoked would be diminished.

41.05 Mr. MASSALSKI (International Federation of Patent Agents) said that since compulsory licenses would be non-exclusive there was no need to make them revokable. It would be unjust to revoke a compulsory license after the licensee had made his investment.

41.06 The DIRECTOR said that the Article should be re-drafted. The order of the first two paragraphs should be changed. Cancellation should be left to the discretion of the court.

Article 42

42.01 The DIRECTOR read and explained Article 42, dealing with the procedure for granting compulsory licenses. In examining countries, compulsory licenses could be granted by the Patent Office, but this was clearly not possible in non-examining countries. In the latter, it was up to the courts to grant the licenses. As to appearance before the court, the United States Government suggested that the Article provide that the parties be given reasonable time to appear. This was only natural, and should be stated.

42.02 Mr. SHER (Israel) suggested that a new paragraph be added, providing that the terms of the compulsory license should be considered to constitute a valid contract between the patentee and the licensee.

42.03 Mr. BENDANA (Nicaragua) said that economic experts rather than ordinary courts should fix the conditions of compulsory licenses.

42.04 Mr. TALERNGSRI (Thailand) asked whether a compulsory license could be granted even though the patentee gave a contractual license to another person in the country.

42.05 Mr. SHER (Israel) said that if more than one compulsory license were granted they should all be granted under the same terms.

42.06 Mr. MACAUALY (Sierra Leone) asked what would be the legal consequences if the patentee did not respond to the summons of the court.

42.07 The DIRECTOR said that the first suggestion of Mr. Sher could usefully be incorporated in the Draft. As to the remarks of Mr. Bendaña, it should be noted that the court could always surround itself with all the expert advice it considered desirable. The reply to the question of Mr. Talerngsri was affirmative. As to the point raised by Mr. Macaulay, the reply was that the court could proceed even when the patentee did not appear.

42.08 Mr. TALERNGSRI (Thailand) said that when a compulsory license was granted, all contractual licenses should be rendered ineffective so that the compulsory license would have a monopolistic position in the country.

42.09 Mr. MACAULAY (Sierra Leone) asked that the text be modified so as to make it clear that the court could proceed even if only one of the parties had appeared.

42.10 Mr. JOGARAO (India) said that in paragraph (2) the words "in the absence of agreement between the parties" should be deleted.

42.11 Mr. LARRAGUIBEL (Chile) suggested that the summons of the court should be sent by registered letter to patentees residing abroad.

42.12 Mr. MACAULAY (Sierra Leone) said that in paragraph (1) the words "if they respond to the summons" should be deleted. The Article did not go into any further procedural details since the laws concerning court procedure would apply in any case.

42.13 Mr. JIMENEZ (El Salvador) agreed with the speakers who said that, since the general procedural laws of each country would apply anyway, there was no need to try to regulate the details of summons and other like questions.

42.14 Mr. SHER (Israel) said that foreign patentees should be required to file a local address with the Patent Office for the purposes of service within the country.

42.15 Mr. LADAS (International Association for the Protection of Industrial Property and International Chamber of Commerce) said that the words "in the absence of agreement between the parties" should be left in paragraph (2). It was in the interest of the compulsory licensee himself to arrive at a more or less amicable agreement with the patentee because only in this case would he be able to obtain the patentee's know-how.

42.16 The DIRECTOR agreed with Mr. Ladas. The soundest procedure was that the court should declare first, that it would grant a compulsory license. At the same time it should give a few days or weeks to the parties to try to agree on the terms. Only in the event of failure to agree should the court itself fix such terms.*

* Here follows the part relating to Articles 51 to 54.

Seventh MeetingThursday, October 22, 1964: MorningArticles 51 to 54

51/54.01 The CHAIRMAN* said that in view of the fact that Mr. Kopelmanas, one of the representatives of the United Nations Secretariat who was particularly interested in the question of know-how, would not be available in the afternoon, the discussion of Articles 47 to 50 would be reserved for later and the meeting would first consider Part II of the Draft, entitled "Technical Know-How."

51/54.02 The DIRECTOR said that most licensing contracts concerned not only the use of a patented invention, but also the unpatented know-how which made the use of the invention easier and more economical. Since the Draft contained several provisions on the control of licensing agreements, it was both logical and useful for developing countries to be able to control at the same time contracts relating to know-how. This was one of the main reasons for including know-how in the Draft. Another important reason was that protection against the dishonest use of secret know-how, which the Draft provided, would encourage foreign investment in developing countries and the introduction into these countries of new technological knowledge.

51/54.03 Mr. SHER (Israel) said that the transfer of technological knowledge was too broad a subject to be completely dealt with in a patent law. Such transfer had many aspects: aspects of patenting, control of foreign investment, control of foreign exchange, general industrial planning, acquisition of know-how, etc. A patent law should only deal with genuinely patent matters. Know-how and other questions also possibly related to the transfer of technology should be the subject of a separate study. The Draft should not deal with know-how. The Commentary should merely refer to the existence of the problem.

51/54.04 Mr. MASSALSKI (International Federation of Patent Agents) said that the Draft should not deal with the question of know-how.

* Mr. Peltzer had returned to chair the meetings.

51/54.05 Mr. POINTET (International Chamber of Commerce) said that know how could certainly be considered as coming within the field of industrial property. Appropriate provisions on know-how in patent laws of developing countries would provide security for persons and undertakings who might be prepared to invest capital and, in this way, increase the chances of investment. Such provisions would also strengthen the position of licensees and so lead to important economic benefits for developing countries.

51/54.06 Mr. KANANI (Sudan) said that the Draft would be more attractive to developing countries if it contained provisions on know-how. Of course, any country could simply omit this part of the law if it did not consider it to be to its advantage.

51/54.07 Mr. VON HOLSTEIN (Council of Europe) favored the regulation of know-how in the Draft itself.

51/54.08 Mr. POINTET (International Chamber of Commerce) said that whereas the International Association for the Protection of Industrial Property was of the opinion that the question of know-how should only be treated in the Commentary, the International Chamber of Commerce favored inclusion in the Draft itself.

51/54.09 Mr. JOGARAO (India) said that adequate protection of know-how increased the chances of investment and accelerated the introduction of new methods. Consequently, the Draft, modelled for the needs of developing countries, should contain provisions along the lines of Articles 51 to 54.

51/54.10 Mr. KOPEMANAS (United Nations) said that the need for protection of know-how was evident. The question was whether the protection should rest on a law or on contracts between licensors and licensees. The Draft dealt with the protection not of any know-how but only of secret know-how, against "stealing" of the know-how by unfaithful employees and other cases of "industrial spying." There was no need to make any special provisions on the protection of secret know-how, and especially not in a patent law. The protection, in such cases, resulted from the provisions of the laws on unfair competition, employment relations, contracts, etc. The Draft, since it only dealt with secret know-how, could be interpreted, a contrario, as meaning that non-secret know-how was not protected. This, however, would be a mistake, since non-secret know-how needed protection too. As the studies on this last aspect of the problem were not completed, the question was not ripe for action. The Commentary should indicate the existence of the problem of protection of both secret and non-secret know-how and should underline the need for further study. But the Draft itself should not contain any model provisions.

51/54.11 Mr. BENDRIS (Algeria) said that it was very desirable, for developing countries, that the model law contain provisions on know-how. The Articles under discussion should be maintained in the Draft. The Commentary should mention the various suggestions made by members of the Committee and observers.

51/54.12 Mr. SHER (Israel) said that the protection provided for in the Draft was a world-wide monopoly, unlimited in time. Unlike patents, know-how would be protected even if there was no registration or grant in the country, and it would be protected indefinitely.

51/54.13 The DIRECTOR said that there was no question of monopoly. Any person who, independently of the person who first developed the know-how, developed the same know-how, might freely use it or license its use. More studies on know-how might result in better solutions but developing countries who wished to legislate on matters of inventions would probably find it advantageous for them to legislate at the same time on know-how, and therefore the Draft should contain model provisions. Naturally, any country was perfectly free to leave out the whole section on know-how.

51/54.14 Mr. JOGARAO (India) said that, whether in the same law with patents or separately, developing countries needed a model law on the question of know-how, since facilitating the transfer of know-how to them was in their paramount interest. The Articles on know-how should be maintained in the Draft. Any country not wishing them could omit them.

51/54.15 The DIRECTOR, in reply to the observations of Mr. Kopelmanas, said that the general laws of a country, particularly of a developing country, might not contain any provision on unfair competition, trade secrets, etc. Consequently, if one wanted to regulate the question, special provisions on know-how were indispensable. The control by the government of contracts licensing the use of know-how would extend both to secret and non-secret know-how. In this respect, then, the scope of the provisions was broader than indicated by Mr. Kopelmanas.

51/54.16 Mr. KOPELMANAS (United Nations) said that more studies were needed. Perhaps the solution lay in the direction of recommending model contracts rather than model laws. It would be preferable to refer to the problem in the Commentary only and not in the Draft itself.

51/54.17 Mr. LACHMANN (United Nations) said that a great difference existed between questions concerning inventions and those concerning know-how in that there was at least a century's experience and many examples of legislations in the first field but both were missing in the second. It would be misleading to present to governments model provisions on inventions and know-how, quasi as a package, when the solutions proposed for the latter were so much less tested in practice, so much less based on experience, and so much less detailed. The Committee should not give the impression that it was ready to give solid advice on know-how when it was not. More studies were needed. They had been started several years ago in the United Nations and would certainly go on in the future, in cooperation, it was hoped, with BIRPI.

51/54.18 The DIRECTOR said that, within the limited scope of the Draft in relation to know-how, sufficient knowledge and experience existed, and model provisions could be proposed. The Draft proposed protection against disloyal or other dishonest disclosure of secret know-how. This was neither unusual nor very difficult to draft. Many precedents existed. The other thing that the Draft provided for was the possibility of government control of contracts relating to the transfer of know-how. This was obviously desirable for developing countries, and the presentation of model provisions was neither dangerous nor premature.

51/54.19 Mr. VILORIA (Venezuela) said that the matter required further research and study, and the recommendations should be included only in the Commentary.

51/54.20 Mr. PARREDA (Inter-American Association of Industrial Property) said that model provisions on know-how were desirable. That they were simple and brief in the Draft was only an advantage. They should be maintained in the Draft.

51/54.21 Mr. SELLAYAH (Ceylon) said that it was extremely important for developing countries to come to grips with the question of know-how. Perhaps better suggestions could be imagined, but since nobody offered any suggestions for improving those contained in the Draft, BIRPI should be thanked for the initiative, and the provisions maintained in the Draft.

51/54.22 The CHAIRMAN said that it seemed to be the consensus of the Experts that the provisions should be maintained in the Draft, and that the discussion should be reflected in the Commentary.

51/54.23 Mr. JIMENEZ (El Salvador) agreed with the suggestion of the Chairman.

51/54.24 Mr. MOSQUERA (Colombia) said that developing countries should be grateful for having this difficult problem tackled in the Draft. He agreed with the suggestions of the Chairman and of Mr. Barreda.

51/54.25 Mr. TALERNGSRI (Thailand) said that no provisions on know-how should be included in the Draft. They discouraged disclosure, as they gave protection to know-how without disclosure, a requirement which was the condition of patent protection.

51/54.26 The DIRECTOR said that, impressed by the observations of Mr. Lachmann, he would propose to omit the expression "Know-how" from the title of the Draft because it might evoke questions of a vaster scope than the Draft, in the views of some, really tackled. The text could speak of technical knowledge, manufacturing processes, industrial techniques. This would underline the fact that the Draft did not wish to anticipate the results of the very careful and extensive studies in which the United Nations was engaged and which it planned to continue.

51/54.27 Mr. LACHMANN (United Nations) said that as long as it was made clear that the Draft did not intend to solve all the problems of know-how, but only the protection of secret know-how and the government control of license agreements dealing with know-how, he had no objections.

51/54.28 The DIRECTOR said that there were several points on which the Draft could be improved as far as its wording was concerned and these would be taken into consideration in the course of the definitive drafting. *

* Here follows the part relating to Article 43.

Article 43

43.01 The DIRECTOR explained Article 43, dealing with "licenses of right."

43.02 Mr. BENDANA (Nicaragua) asked whether there was any time-limit for applying for a license under a patent annotated "license of right."

43.03 The CHAIRMAN said that there was no time-limit.

43.04 Mr. LACHMANN (United Nations) asked whether the expression, "exploit," used in paragraph (2), also included exploitation by importation.

43.05 The DIRECTOR replied in the affirmative.

Article 44

44.01 The DIRECTOR explained Article 44, which dealt with the surrender of the patent by the patentee. The surrender must be made by written declaration addressed to the Patent Office. The same effect could be obtained by simply not paying the annual renewal fees, but in some cases a surrender of the patent might be more appropriate.

44.02 Mr. TALERNGSRI (Thailand) asked whether it was possible to surrender less than the whole patent, for example one or two claims only.

44.03 The DIRECTOR replied in the affirmative.

44.04 Mr. ARACAMA (International Association for the Protection of Industrial Property) asked whether it would not be useful to cover the case where a patent had several owners.

44.05 The DIRECTOR said that the question had better be left to the general rules of civil law.

44.06 The CHAIRMAN noted that the provision would remain as it was in the Draft.

Article 45

45.01 The DIRECTOR read and explained Article 45 and called attention to the relevant observations contained in the Commentary.

45.02 Mr. MASSALSKI (International Federation of Patent Agents) said that the question was a highly technical one and the civil courts would have to have recourse to experts.

45.03 Mr. EGBUE (Nigeria) asked what the words "interested party" really meant? It would be preferable if an action in nullity could be initiated by any person and any competent State authority.

45.04 The DIRECTOR said that the suggestion of Mr. Egbue should be accepted.

45.05 The CHAIRMAN said that the amendment of Mr. Egbue would be incorporated in the new Draft.

Article 46

46.01 The DIRECTOR read and explained Article 46, providing that the declaration of nullity would have an effect ex tunc, that is, the patent would be deemed never to have been granted. On the basis of a proposal made by the French Government, the provision should be completed, stating that the patentee of a patent declared to be null and void did not have to pay back the royalties received from his licensee as long as the licensee had effectively profited by the license.

46.02 Mr. BARREDA (Inter-American Association of Industrial Property) said that nullity might have many other effects as well, and it would be preferable to leave the regulation of all consequences to the general rules of civil law.

46.03 The CHAIRMAN said that a provision, in the Draft itself, about the royalties was necessary because it constituted an exception, peculiar to patents, to the general rules of civil law.

46.04 The DIRECTOR said that Mr. Barreda was right in saying that nullity had many other effects too. The Commentary should state that they were naturally covered by the general rules of civil law. The provision about the royalties was, however, an exception, and should appear in the Draft itself.

46.05 Mr. TALERNGSRI (Thailand) said that it would be desirable to maintain the Article, and the provision about royalties, because in some developing countries the civil law might not clearly apply to the special case of nullity of patents.

46.06 The CHAIRMAN said that the revised provision would follow the suggestions of Mr. Talerngsri.

Eighth Meeting

Thursday, October 22, 1964: Afternoon

Article 47

47.01 The CHAIRMAN opened the discussion on Article 47.

47.02 The DIRECTOR said that Articles 47 to 50, dealing with infringements, were mainly reminders that the matter had to be regulated in a patent law. The details of the regulation, however, would have to follow the general procedural laws and traditions of each country. He then read and explained Article 47, dealing with civil sanctions.

47.03 Mr. EGBUE (Nigeria) said that the Article should define the notion of infringement and should state that, before starting action, the patentee must put the infringer on notice.

47.04 The DIRECTOR said that any unauthorized act described in Article 21 constituted an infringement, it being understood that the scope of the protection had to be interpreted on the basis of Article 23. A reference to these two Articles in Article 47 might clarify the situation. A notice to the infringer was frequently superfluous since the infringer knew that he was regarded as an infringer. In other cases, the plaintiff would send a notice anyway, in the hope of saving costs or in the hope that the court would then prescribe heavier damages.

Article 48

48.01 The DIRECTOR read and explained Article 48 on penal sanctions. It was realized that it was debatable whether a patent law should provide penal sanctions at all. Countries which did not believe in them could of course leave them out of their patent laws. But vis-à-vis infringers who have nothing to lose, because they are unable to pay damages, penal sanctions might well be the only effective deterrent.

48.02 Mr. LARRAGUIBEL (Chile) said that the Draft should define in more detail what constitutes an offence.

48.03 Mr. ARACAMA (International Association for the Protection of Industrial Property) said that requiring the proof of "intention," as Article 48 did, would probably render the provision largely ineffective in practice. At least in the cases of Article 21, point (a) --cases in which the dolus resides in re ipsa--no specific intent (dolo específico) should be required. The dolus was implicit in the committing of the act itself. The cases under Article 21, point (b), were different, and there the proof of a dolo específico should be required.

48.04 The DIRECTOR said that the definition of infringement was the same for both Articles 47 and 48. But whereas in most countries civil actions were available also in the absence of "intent" on the part of the defendant, the contrary was true in most countries as to penal actions. Of course, each country was free to modify these provisions according to its traditions.

48.05 Mr. JIMENEZ (El Salvador) said that it might be sufficient to provide that all intentional infringement shall be punished and the sanctions would be those which were provided in the general penal code of the country.

48.06 Mr. TALERNGSRI (Thailand) said that, for the purposes of developing countries, it was preferable to have a clause on penal sanctions in the patent law itself.

48.07 Mr. MACAULAY (Sierra Leone) said that he agreed with Mr. Talerngsri. The Commentary should give a full examination of the need for, and possible nature of, sanctions. The Draft should provide that the penal sanctions might consist of fines, imprisonment, or both.

48.08 Mr. BENDANA (Nicaragua) said that the Draft was detailed enough and should stand as it was.

48.09 Mr. DOWDALL (Tanzania) said that the provision should differentiate between different grades of guilt, and that the penalties should be described as maxima ("not exceeding...").

48.10 Mr. SELLAYAH (Ceylon) said that he supported the suggestions made by Mr. Macaulay and Mr. Dowdall.

48.11 Mr. JIMENEZ (El Salvador) said that the Article should provide that all intentional infringement shall be punishable by fines whose amount depended on the gravity of the infringement and which would be in conformity with the provisions of the criminal law of the country.

48.12 Mr. LARRAGUIBEL (Chile) said that what he was asking for was more detail, and more precise and exhaustive definitions of the offenses. The suggestion of Mr. Jimenez would render the Article even vaguer than it was.

48.13 The CHAIRMAN asked whether an express reference to Article 21 would satisfy Mr. Larraguibel.

48.14 Mr. LARRAGUIBEL (Chile) answered in the affirmative.

48.15 The CHAIRMAN said that the Article would contain this reference.

48.16 Mr. LARRAGUIBEL (Chile) said that the Draft should choose between a fine or imprisonment, and not leave the choice to the court.

48.17 Mr. LACHMANN (United Nations) said that it would be best to insert in the Draft merely the title of the Article and invite, in a footnote, each country to insert whatever provisions were in harmony with its own views on criminal laws.

48.18 The DIRECTOR said that most Experts wished the model law to contain some suggestions and he would go along with this view. The Commentary would indicate the necessity to adapt the stipulations to the general system of penal law in the country concerned.

Article 49

49.01 The DIRECTOR read and explained Article 49 which contained a rebuttable presumption, namely, that in the case of a patent for a process to manufacture a new product (new at the time of the patent application) the same product manufactured by a third party would be presumed to be manufactured by the patented process. He also read the relevant part of the Commentary. In other words, in an infringement suit concerning a process patent leading to a new product, the burden of proof was on the defendant; he would have to show that the same result as that achieved by the plaintiff had been achieved by him, the defendant, through a process other than the patented process of the plaintiff.

49.02 Mr. JAGARAO (India) asked whether innocent infringers could not be exempted from sanctions or should not be subjected to lesser sanctions.

49.03 The DIRECTOR replied that innocent infringers were not subjected to penal sanctions. In the case of civil remedies, the damages would certainly be set by the court with a view also to the question whether the infringer was of good or bad faith.

49.04 Mr. VILORIA (Venezuela) suggested that the Spanish text use the word "presumirá" rather than the word "supondré."

49.05 Mr. LARRAGUIBEL (Chile) agreed with the suggestion of Mr. Viloría.

49.06 Mr. MOSQUERA (Colombia) agreed with Mr. Viloría and Mr. Larraguibel, and said that the Spanish text contained some other language mistakes as well.

Article 50

50.01 The DIRECTOR read and explained Article 50, dealing with legal proceedings by licensees. In effect, the Article provided that licensees had a right to sue under their own names if the licensor did not sue himself. The provision would strengthen the position of licensees, a desirable end for developing countries. However, the Government of the United States had proposed that the provision be limited to holders of exclusive licenses.

50.02 Mr. SHER (Israel) said that, where the plaintiff was a licensee, the court should not be able to ask for the production of evidence referred to in paragraph (3) of Article 45.

50.03 The DIRECTOR said that the French Government proposed that, in suits instituted by licensees, the patentee should always be allowed to intervene.

50.04 Mr. SHER (Israel) said that joining the patentee should always be mandatory.

50.05 Mr. JIMENEZ (El Salvador) suggested that the demand to be addressed to the patentee should be required to be made by registered letter.

50.06 Mr. EGBUE (Nigeria) asked what would happen if the patentee could not be reached. In this case there would be neither refusal nor neglect by him.

50.07 Mr. BENDRIS (Algeria) said that the demand should be made by registered letter avec avis de réception or par exploit d'huissier.

50.08 The DIRECTOR said that some of the procedural details could be left to the Regulations. *

Article 55

55.01 The DIRECTOR read and explained Article 55, dealing with the competence of civil courts. The provision, of course, was highly optional. Mr. Sher had suggested in an earlier meeting that the courts should call in technical experts whenever appropriate. The French Government proposed that it be suggested to each country that it designate one court to deal with all patent cases. This would allow of specialization. The United States Government suggested that the possibility of appeal be referred to in the provision. It was, of course, always assumed that whatever possibilities for appeal against the decisions of a lower civil court existed would be available also in patent suits.

55.02 Mr. SELLAYAH (Ceylon) said that he assumed that plaintiffs would be allowed to sue in their own country even if the defendant resided abroad, and that experts might be called by the court as witnesses without the experts voting when the court decided.

* Here follows the part relating to Article 55.

55.03 Mr. BENDRIS (Algeria) said that when the patentee was domiciled abroad, the court of the city in which the Patent Office was located should have jurisdiction. In other cases, the court of the domicile of the patentee should have jurisdiction, and not only one court for the whole country, because in a country of great territorial extension such a provision would cause inconvenience to many plaintiffs.

55.04 Mr. BENDANA (Nicaragua) suggested that paragraph (2) be omitted and that the general rules of jurisdiction and venue should apply.

55.05 The DIRECTOR said that he would suggest following the proposal made by Mr. Bendris. Some indication in the Draft was desirable. The Commentary would emphasize that it was a highly optional clause.

55.06 Mr. JIMENEZ (El Salvador) said that paragraph (2) was in conflict with the laws of so many countries that it would be preferable to delete it.

55.07 Mr. BARREDA (Inter-American Association of Industrial Property) said that in infringement suits it would be only natural to center jurisdiction on the court of the domicile of the defendant, and not of the patentee-plaintiff.

55.08 Mr. SELLAYAH (Ceylon) said that paragraph (2) should be omitted. In the case of infringement suits, the court of the place of the infringement and not the court of the domicile of the plaintiff should have jurisdiction.

55.09 Mr. BENDRIS (Algeria) insisted on his earlier proposal.

55.10 The DIRECTOR said that the Commentary would make it very clear that the Draft was not intended to impose any solution.

Article 56

56.01 The CHAIRMAN opened the discussion on Article 56, entitled "Regulations," and noted that nobody asked for the floor to speak on it.

Ninth MeetingFriday, October 23, 1964: AfternoonAnnex A

57.01 The CHAIRMAN opened the discussion on Annex A of the Draft, dealing with inventors' certificates.

57.02 The DIRECTOR said that there were two Annexes to the Draft; the first dealt with inventors' certificates, the second with confirmation patents. The provisions of neither of these Annexes were indispensable in a patent law. They had been included in the Draft in order to call the attention of the countries to the existence of two possibilities which, alongside the ordinary patents, might be inserted in patent laws in countries in which the economic or social conditions would make their adoption desirable. The institution of inventors' certificates was one which suited countries with a régime in which all means of production and practically the whole of commerce were owned by the State. In other words, it was suited to Socialist countries. The Soviet Union, Rumania and Bulgaria, and, in a somewhat different form, Poland had provisions on inventors' certificates. Hungary and Yugoslavia had experimented with inventors' certificates for a few years but had abandoned them. Under this system, the inventor could choose between asking for an inventor's certificate or for a patent. The main difference between the two was that the former gave the inventor only the right to remuneration and was unlimited in time, whereas the latter gave an exclusive right of exploitation and was limited in time, usually to 18 or 20 years. The Czechoslovak Government had expressed the opinion that Annex A did not sufficiently cover the subject and that Czechoslovakia reserved to itself the possibility of making a better Draft concerning inventors' certificates.

57.03 Mr. LARRAGUIBEL (Chile) said that inventors' certificates were of no interest to most developing countries since most of them lived under an economic and social régime in which private property prevailed and was encouraged. There was practically no information available on how the system of inventors' certificates worked in those Socialist countries in which it had been adopted. Perhaps the representatives of the United Nations could give some information. In any case, this typically Communist type of legislation appeared to be of no practical interest to any of the countries represented in the Committee.

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57.04 Mr. BENDRIS (Algeria) said that the institution of inventors' certificates was not necessarily limited to Communist countries. It could also be used by Socialist countries in which the economic planning was centrally directed. In such an economy inventors might wish to offer their inventions to the State for exploitation and would naturally ask for some remuneration corresponding to the usefulness of their invention. In certain countries, and among them in Algeria, there were three sectors: the private sector, the State sector, and the socialist sector, the last one being a sector in which workers as a collectivity exploited the enterprise in which they worked. For this third sector too, the system of inventors' certificates might be useful. Annex A should be maintained in the Draft.

57.05 Mr. EGBUE (Nigeria) said that he was in favor of retaining Annex A in the Draft. In these days of active government participation in all spheres of activity, it might well be that governments wished to own and exploit inventions in certain fields and would merely pay a remuneration to the inventor.

57.06 Mr. LACHMANN (United Nations) said that, in the case mentioned by Mr. Egbue, any government could use the possibilities of compulsory licensing or expropriation even in a patent system. In this connection it might be desirable to add a new provision to the Draft which would provide that a State had the right to place a patent under compulsory license, or to expropriate it, if it wanted to exploit it in a government enterprise in the public interest.

57.07 Mr. BARREDA (Inter-American Association of Industrial Property) said that patents and inventors' certificates were fundamentally different. They were mutually exclusive. In any case, authors' certificates did not favor investment and industrialization and therefore should be avoided by developing countries.

57.08 Mr. MOSQUERA (Colombia) said that the system of inventors' certificates was unknown to all countries represented in the Committee and was contrary to the patent systems prevailing in them, particularly in all Latin-American countries. Consequently, the Committee was really dealing with a subject about which it knew practically nothing and concerning which it should not make any recommendations. The Draft should not contain the provisions appearing in Annex A.

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57.09 Mr. TALERNGSRI (Thailand) said that he supported the suggestion made by Mr. Lachmann tending to allow expropriation by a State of patents for the sake of security or public interest. As to the inventors' certificates, he noted that the Czechoslovak Government thought that the Draft was insufficient. The Committee was certainly not in a position to improve upon it since it had no experience of inventors' certificates. In any case, inventors' certificates were of no interest to countries with a private property and private enterprise system. Consequently, it was also of no interest to Thailand, but he suggested that the Annex A should be maintained in the Draft, for there might be some developing countries wishing to incorporate inventors' certificates in Patent Law.

57.10 Mr. MACAULAY (Sierra Leone) said that the presence of provisions on inventors' certificates in the Draft was harmless because no country could be forced to adopt them. Furthermore, it should not be overlooked that even in countries which had a system of inventors' certificates, the inventor had a free choice between patents and certificates. Inventors' certificates might be useful in cases where there was no private capital available to exploit an invention. In such cases, offering the invention to the State might be advantageous to the inventor, because if the State exploited it he would receive some remuneration. The Annex should be maintained in the Draft.

57.11 The DIRECTOR, in reply to Mr. Barreda, said that the systems of patents and inventors' certificates were not mutually exclusive. The two could exist in the same law. In fact, they did co-exist in the laws of all countries which had the system of inventors' certificates. The inventor was free to choose between applying for a patent and applying for an inventor's certificate. The revised Draft would make this freedom of choice even clearer. With this clarification in mind, the Committee might be more willing to agree that the provisions be maintained in the Draft. It went without saying that all countries which had economic social systems incompatible with inventors' certificates, or which, for other reasons, did not want to introduce inventors' certificates, could limit their law to patents.

57.12 Mr. SELLAYAH (Ceylon) said that the notion of inventors' certificates should be brought to the attention of interested countries not necessarily as an Annex to the Draft, but perhaps merely as a part of the Commentary.

57.13 Mr. BENDRIS (Algeria) said that objectivity required that inventors' certificates be mentioned in the Draft. Adopting or not adopting inventors' certificates was not necessarily a political question. In Soviet Russia there was a tendency to get away from inventors' certificates and enhance the importance of patents. In Algeria, while patents were preferable in many sectors of industry, there were others--such as the socialist sector--in which inventors' certificates might be preferable.

57.14 Mr. BENDANA (Nicaragua) said that the system of inventors' certificates was superfluous. If the inventor wanted to part voluntarily with his rights, he could sell his patent to the State. If the State wanted to obtain the patent even when the inventor did not want to part with it, the government could expropriate it. Consequently, even inside the patent system, one could obtain the same results as would be obtained in the case of inventors' certificates.

57.15 Mr. BARREDA (Inter-American Association of Industrial Property) said that even if legally the two systems were compatible with each other, they were incompatible in practice. In the Soviet Union, for example, where both exist on paper, de facto only inventors' certificates existed. The obligation of the inventor to work for the State was a totalitarian political concept reflected by Article IV of Annex A. It would set a dangerous precedent and could eventually lead to the suppression of the patent system.

57.16 Mr. JOGARAO (India) said that while the two systems --patents and certificates--were not mutually exclusive, one had to admit that they were basically incompatible with each other because they were derived from very different social and political conditions and philosophies. If the Annex were deleted, some countries might think that this was a sign of lack of objectivity on the part of the Committee. Consequently, the system of inventors' certificates should be mentioned either in the Draft or in the Commentary. It was always up to the individual countries to make no reference in their laws to inventors' certificates if they preferred protection of inventions by patents alone.

57.17 Mr. KANANI (Sudan) said that he did not think that the matter was a political one. Mr. Macaulay was right in saying that inventors' certificates might be desirable for the sole reason that there was a lack of private capital to exploit an invention. Consequently, the system might be of interest even to countries which did not have a complete State monopoly of all production and which were non-Communist.

57.18 Mr. MONTES (Haiti) said that if the State wanted to explicit any invention which was insufficiently worked, it could get a compulsory license under Article 33 of the Draft. In this connection it appeared to be desirable that the Commentary make it clear that the words "any person" in Article 33 included also the State.

57.19 The DIRECTOR replied that wherever the word "person" appeared in the Draft, it referred not only to physical persons and private corporations but also to government entities.

57.20 Mr. JIMENEZ (El Salvador) said that Annex A should be re-drafted on fundamentally different and more general lines, so that the basic idea would be the possibility for the State to expropriate patents wherever imperative conditions of public interest so required. It should not deal with authors' certificates which was a much narrower concept fitting only certain countries with a certain social and political structure.

57.21 The DIRECTOR said that the opinions were obviously divided. It would not be useful to have a vote because the meeting was not a political one. The best solution seemed to be to state in the Commentary that provisions on inventors' certificates were included in the Draft on the suggestion of Czechoslovakia but that Czechoslovakia had rejected Annex A, saying that the provisions were no good and that it would make better provisions. Thus the question would be brought to the attention of interested governments with sufficient caveat that it did not have the endorsement of at least one of the Socialist countries. The Commentary would also naturally state that inside the Committee itself there were several who opposed the inclusion of any provisions.

57.22 Mr. BENDRIS (Algeria) said that he did not agree with the plan of the Director. He much preferred the suggestions on inventor's certificates to come from an international committee than from only one country which had an obvious bias in the matter.

57.23 Mr. SELLAYAH (Ceylon) said that no political or philosophical considerations should guide the Committee in its decision. The matter was a legal one and a practical one. It was useful to include all objective information on the prevailing possibilities. Consequently, he agreed with the proposal of the Director.

57.24 The CHAIRMAN said that, as Argentine Expert rather than Chairman, he was of the opinion that, as long as it clearly resulted from Article I of Annex A that inventors had the free choice between patents and certificates, there was no overriding consideration against the inclusion of Annex A in the Draft. The Commentary would reflect the fact that several Experts considered the system of inventors' certificates as incompatible with the patent system, and objected to the inclusion of Annex A.

57.25 Mr. VILORIA (Venezuela) said that Annex A should be maintained in the Draft. It was one of several provisions which were highly optional and which any country was perfectly free to disregard when adopting a patent law based on the model under preparation.

57.26 The DIRECTOR said that Annex A would be maintained in the Draft but that Article I would be redrafted along the lines referred to earlier by the Chairman. The Commentary would indicate that several Experts had made reservations and opposed inclusion.

57.27 Mr. LARRAGUIBEL (Chile) said that he wished that his opposition be recorded in the minutes.

57.28 The CHAIRMAN asked whether any other Experts wished to have their opposition formally recorded.

57.29 Mr. MOSQUERA (Colombia) said that he wanted to associate himself with the reservation made by Mr. Larraguibel.

57.30 Mr. COWARD (Kenya) said that he wanted to associate himself with those who asked that Annex A be maintained in the Draft, it being understood that it was left to the individual governments to include it in the law or not.

57.31 Mr. BENDRIS (Algeria) said that he was in favor of including Annex A in the Draft.

57.32 The CHAIRMAN said that the final documents would follow the suggestions made by the Director.

Annex B

58.01 The CHAIRMAN opened the discussion on Annex B of the Draft, dealing with confirmation patents.

58.02 The DIRECTOR said that confirmation patents dealt with a wholly different subject from inventors' certificates, but inclusion of provisions on them in the Draft was based on a similar consideration, namely, that a number of countries had adopted confirmation patents in their laws. This circumstance justified calling the attention of other countries to this possibility. Confirmation patents were mainly known in Latin America. Several observations were made, particularly by the U.S. Government and by the International Association for the Protection of Industrial Property which suggested that the scope of Article I should be enlarged by providing that only such inventions were not susceptible to the grant of confirmation patents as had not been exploited "by public use or sale in the country." Consequently, publication in writing or orally would not be a hindrance to the granting of confirmation patents. The suggestion appeared to be an improvement over the Draft and should be accepted. If it was accepted, Article II would become superfluous. Article III should be omitted as well. In all other respects, confirmation patents should be subjected to the same rules as ordinary patents except where the nature of the confirmation patent did not allow such assimilation. Articles IV, V and VI took care of these questions.

58.03 Mr. LACHMANN (United Nations) called attention to Article VI, paragraph (1)(e), providing that the confirmation patent should be declared null and void if the invention, the subject of the confirmation patent, were not effectively exploited within a period of one year from its grant, or if effective exploitation subsequently ceased for a period exceeding one year. Should the main body of the Draft, dealing with ordinary patents, provide that patents may be revoked for non-working--after possibly giving notice to the patentee and inviting him to come forward with a plan for working within a reasonable time in the country--then no provision of the kind referred to in Annex B, Article VI, paragraph (1)(e), would be needed as the matter would already be covered in connection with ordinary patents.

58.04 Mr. BARREDA (Inter-American Association of Industrial Property) said that confirmation patents were neither an independent system, nor a variant. They were an extension of the system of ordinary patents. Consequently, the provisions now contained in Annex B should be transferred to the text of the Draft Law itself with an observation that any country not wishing to adopt those provisions should omit them.

58.05 Mr. BENDRIS (Algeria) said that the Draft should provide that confirmation patents would be granted only when the applicant for a confirmation patent--that is to say, the local enterprise wanting to exploit the invention--and the foreign patentee had concluded an agreement as to the exploitation. This would help in avoiding abuses.

58.06 The DIRECTOR said that Mr. Barreda was of course right when he said that confirmation patents were not an alternative to, but a possible extension of, ordinary patents. The suggestion of Algeria would seem to be a rather heavy burden on the applicant for a confirmation patent.

58.07 Mr. BENDRIS (Algeria) said that he accepted the proposal of the Director.

58.08 The DIRECTOR said that several observations had been received, indicating that the period of one year provided for in Article VI, paragraph (1)(e), was too short. He would, therefore, with the agreement of the Committee, change this period to two years.

58.09 Mr. BARREDA (Inter-American Association of Industrial Property) said that confirmation patents being an extension of ordinary patents, their fate should be linked, and confirmation patents should lapse if the basic patent lapsed.

58.10 The DIRECTOR said that, under the Paris Convention, patents granted in different countries were independent of each other. This was one of the reasons for which the Draft did not provide for the lapse of a confirmation patent if the ordinary patent had expires or lapsed.

58.11 Mr. LACHMANN (United Nations) said that the observations of Mr. Barreda were just in so far as they pointed out that there was not much logic in providing a different treatment for the lapse of ordinary patents and confirmation patents. A provision for the lapse of the patent or for its revocation for non working after a certain period of time, and possibly after a formal invitation to the patentee to present a plan for working, should apply not only to confirmation patents

but also to ordinary patents. If such a provision were contrary to the Paris Convention, then the Paris Convention should be revised so as to allow newly adhering developing countries to make reservations allowing them to revoke patents or make them lapse for non-working.

58.12 Mr. BARREDA (Inter-American Association of Industrial Property) said that he did not think that the rule of independence of patents provided in the Paris Convention extended also to confirmation patents. This was a special case not dealt with by the Paris Convention.

58.13 The DIRECTOR replied that, although the expression "confirmation patent" did not appear in the text of the Paris Convention, it was clear from Article I of that Convention that it covered all kinds of patents; hence also confirmation patents. It would also be illogical to link the fate of confirmation patents to the basic patent. A confirmation patent might be granted just before the expiration of the basic patent. If the law provided that the confirmation patent lapsed at the same time as the basic patent, the confirmation patent would be practically worthless in such cases. A confirmation patent was applied for and granted in order to encourage the exploitation of the invention in the country itself. Consequently, it was of special interest to developing countries, and there seemed to be no reason for developing countries to curtail protection only because, in the foreign country where the basic patent was granted, the patent lapsed.

58.14 Mr. BARREDA (Inter-American Association of Industrial Property) said that he agreed with the argument of the Director and that what he wanted to avoid was the provision in Article VI (1)(e) because that provision would make the confirmation patent lapse within an abnormally short period of time. The confirmation patent should survive at least as long as the basic patent did in its country of origin.

58.15 The DIRECTOR replied that the sole reason for granting confirmation patents was to encourage local exploitation in the country. Consequently, if such exploitation was not forthcoming, there was no justification for maintaining the monopoly. Hence the relatively short term provided in Article VI (1)(e). In any case, it should be noted that this period would now become two years instead of only one.

58.16 Mr. LACHMANN (United Nations) said that there were suggestions made earlier during the discussion concerning the adoption of patents of addition or patents of improvement which were of great importance to developing countries as regards the adaptation of inventions to local conditions. He did not wish to propose any particular language but wanted to know whether any of the Experts there assembled thought these were points to be covered by the Draft.

58.17 The CHAIRMAN asked whether any of the Experts wished to make concrete proposals on the point just raised by Mr. Lachmann.

58.18 Mr. BARREDA (Inter-American Association of Industrial Property) said that patents of addition were unobjectionable and in fact useful, if they were granted under the same conditions for novelty, inventiveness, etc., as patents. Patents of addition or any other patents not relating to real inventions would be outside the scope of a patent law.

58.19 Mr. SELLAYAH (Ceylon) said that in an early part of the discussion it had been said that special provisions would deal with the possible consequences of local novelty, should a country prefer to adopt local novelty rather than universal novelty.

58.20 The DIRECTOR replied that he had noted Mr. Sellayah's point and it would be taken care of in the Commentary.

58.21 The CHAIRMAN said that the observations of Mr. Lachmann would be reflected in the minutes.

ITEM 4 OF THE AGENDA:
CONSIDERATION OF RECOMMENDATION A.IV.26 OF THE
UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT
AND OF RESOLUTION 1013 (XXXVII) OF THE ECONOMIC AND SOCIAL
COUNCIL OF THE UNITED NATIONS

59.01 The CHAIRMAN opened the discussion on Item 4 of the Agenda, entitled "Consideration of Recommendation A.IV.26 of the United Nations Conference on Trade and Development and of Resolution 1013 (XXXVII) of the Economic and Social Council of the United Nations (see doc. PJ/34/5).

59.02 Mr. LACHMANN (United Nations) said that both the United Nations Conference on Trade and Development and the Economic and Social Council of the United Nations had addressed recommendations to the General Assembly of the United Nations--convened for November 1964--to deal with the subject of "The Role of Patents in the Transfer of Technology to Developing Countries." The recommendations before the General Assembly dealt, first of all, with the adaptation of patent legislation to the needs of developing countries. The present meeting was a very important step on this road. The recommendations also dealt with the importance of providing developing countries with the facilities of technical documentation and information on new technology. Such facilities should help developing countries in determining what kind of technology they wished to introduce in their country. Furthermore, such facilities might be useful also to governments which decided to introduce a system of prior examination of patent applications because such examination was largely based on the availability of technical data. For practical reasons it might be desirable to have these collections of technical information organized on a regional or sub-regional basis because of the great expense and other practical difficulties involved in assembling complete documentation. For all these matters the United Nations would keep in touch with BIRPI and other interested agencies. The United Nations Secretariat would be glad to have the suggestions and proposals of the Governments of developing countries. They could write on these matters to BIRPI and to the UN Secretariat, or their Delegations might put proposals before the General Assembly of the United Nations. Another question to be considered was that of a further study. The first step towards a complete study was represented by the Report of the United Nations Secretariat which was going to be submitted to the General Assembly. It was realized that much more study had to be carried out on the question of how technology came to developing countries: how it was to be worked in them; what the practices of companies which developed new technologies were in bringing these technologies to developing countries; how to adapt such technology and to encourage investment and the establishment of new industries which needed these technologies. All this applied both to patented technology and to unpatented technology, to know-how, whether secret or non-secret, and to all that is meant by the broad expression "technology." It meant management as well as engineering. It was planned that these studies would continue. Of course, the General Assembly decision would have an influence on the direction and scope of these studies. The UN Secretariat would discuss with BIRPI and other organizations the

best ways of continuing the studies, so that more specific recommendations might be made to Governments, not only as to what should be their attitudes towards patents but what they could do in order to facilitate the acquisition of technology.

59.03 The CHAIRMAN thanked Mr. Lachmann in the name of the Committee for his exposé of the plans of the United Nations. He was sure that the Experts would report to their Governments, so that they could avail themselves of the opportunities of making suggestions to the United Nations referred to in the observations of Mr. Lachmann.

ITEM 5 OF THE AGENDA:
ADOPTION OF A REPORT ON THE
CONCLUSIONS OF THE MEETING

60.01 The Chairman opened the discussion on a draft recommendation, submitted to the Committee by its Chairman and three Vice-Chairmen (as contained in document PJ/34/7).

60.02 Mr. JIMENEZ (El Salvador) said that the draft recommendation reflected both the work of the Committee and the continuing efforts of BIRPI to assist developing countries. It should be approved by acclamation.

60.03 Mr. BENDRIS (Algeria), as one of the authors of the draft recommendation, explained it and suggested that it be adopted. The non-aligned developing countries which met in Cairo some time ago would meet again in the spring of 1965 in Algiers to discuss economic questions. The model law should be transmitted to that meeting. This would increase interest in the model law and might facilitate the actual adoption of patent laws which, in turn, should enable these developing countries which did not yet belong to the Paris Union to become members.

60.04 Mr. KANANI (Sudan) expressed his agreement with the observations made by Mr. Bendris.

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60.05 Mr. NARAGHI (Iran) expressed his approval of both the model law and the recommendation, and his hope that BIRPI would soon put at the disposal of developing countries model laws on trademarks and industrial designs, and thus encourage their adoption with appropriate amendments to certain procedural and administrative regulations.

60.06 The DIRECTOR said that the resolution provided that BIRPI should keep in touch with international bodies dealing with industrial property and, consequently, there was a basis in it to get in touch also with the conference referred to by Mr. Bendris.

60.07 Mr. BENDANA (Nicaragua) said that BIRPI should prepare a paper on the advantages and possible disadvantages of adhering to the Paris Convention, and should make such a paper available to developing countries not yet members of the Paris Union. Furthermore, the recommendation should invite such countries to adhere to the Union.

60.08 Mr. LACHMANN (United Nations) suggested that the reference, in the draft recommendation, to the United Nations should be omitted since it was unusual to name observers in a recommendation.

60.09 The CHAIRMAN said that the suggestion of Mr. Lachmann would be followed.

60.10 Mr. JOGARAO (India) said that he was opposed to the amendment suggested by Mr. Bendaña since the matter of adherence to the Paris Union was outside the terms of reference of the Committee.

60.11 The DIRECTOR, while thanking Mr. Bendaña for his suggestion, agreed with Mr. Jogarao. The question of adherence was not discussed by the Committee.

60.12 Mr. MOSQUERA (Colombia) said that the question of adherence to the Paris Union had been discussed, and a recommendation on that question had been adopted by the Bogota Congress on Industrial Property for Latin America which met in July 1964.

60.13 Mr. VON HOLSTEIN (Council of Europe) said that his Organization was always ready to assist developing countries. He expressed the hope that BIRPI would keep in touch with his Organization and assist it in its endeavours in the field of trademark law.

60.14 Mr. MACAULAY (Sierra Leone) suggested that the words "and its protection" be inserted in point (ii) of the draft recommendation, after the words "industrial property."

60.15 The CHAIRMAN noted that, with the amendments of Mr. Lachmann and Mr. Macaulay, the draft recommendation was unanimously adopted by the Committee.

60.16 Mr. SELLAYAH (Ceylon) expressed the thanks and appreciation of all the Experts for the eminent services of the Chairman, Mr. Peltzer, Expert of Argentina. His profound knowledge of the subject matter, his complete objectivity, and his unfailing courtesy, had secured orderly debate and efficient work. He also thanked BIRPI, and in particular its Director, Professor Bodenhausen.

60.17 Mr. JOGARAO (India) expressed his appreciation of BIRPI's untiring and impartial efforts to assist developing countries. He wanted to thank in particular Professor Bodenhausen for never failing to give the fullest answers and explanations to all the questions which had been asked in this meeting by the Experts and by the Observers.

60.18 The CHAIRMAN thanked the Director, the staff of BIRPI, and every member of the Committee for their courteous and efficient team work; and declared the meeting of the Committee closed.

BIRPI

BUREAUX INTERNATIONAUX RÉUNIS
POUR LA PROTECTION DE LA PROPRIÉTÉ INTELLECTUELLE
GENÈVE, SUISSE

COMITÉ D'EXPERTS POUR L'ÉTUDE D'UNE LOI-TYPE POUR LES PAYS EN VOIE DE DÉVELOPPEMENT CONCERNANT LES INVENTIONS ET LES PERFECTIONNEMENTS TECHNIQUES

(Genève, 19 - 23 octobre 1964)

ANNEX TO DOCUMENT PJ/34/10/Rev.
INTERVENTIONS IN FRENCH

ANNEXE AU DOCUMENT PJ/34/10/Rev.
INTERVENTIONS EN FRANÇAIS

Interventions de M. BENDRIS, Algérie.

2.06 M. BENDRIS (Algérie) déclara qu'il serait peut-être préférable d'appliquer le critère de la nouveauté locale lorsqu'il s'agit d'inventeurs locaux et d'appliquer le critère de la nouveauté universelle dans les cas d'inventeurs étrangers.

4.02 M. BENDRIS (Algérie) déclara que l'article était clair et devrait être adopté tel que libellé dans le projet.

5.06 M. BENDRIS (Algérie) déclara qu'une disposition devrait être ajoutée à l'article 5 prévoyant que les produits pharmaceutiques et alimentaires devraient être soumis aux lois et règlements du pays.

5.13 M. BENDRIS (Algérie) déclara que ce qu'il entendait, c'était qu'un pays en voie de développement pouvait avoir besoin de solutions différentes, selon les divers stades de son développement. Par conséquent, des lois spéciales pourraient prévoir des solutions particulières pour les produits pharmaceutiques à mesure que l'industrie pharmaceutique dudit pays se développe.

6/7.05 M. BENDRIS (Algérie) déclara que les articles 6 et 7 étaient tous deux nécessaires, mais que, naturellement les pays qui ne faisaient encore partie d'aucune convention internationale n'auraient aucune raison d'appliquer l'article 6.

6/7.15 M. BENDRIS (Algérie) déclara que puisque l'article 6 prévoyait une réciprocité implicite, il ne voyait pas de raison de ne pas prévoir la réciprocité également à l'article 7.

6/7.21 M. BENDRIS (Algérie) rappela que de nombreux pays en voie de développement ne faisaient encore partie d'aucune convention internationale; pour ces pays, la possibilité de maintenir la réciprocité prévue à l'article 7 est essentielle.

9.04 M. BENDRIS (Algérie) déclara que le principe de la nouveauté universelle était accepté par le Comité et que, par conséquent, il n'y avait pas lieu de revenir sur la question de la nouveauté locale et ses conséquences éventuelles.

10.15 M. BENDRIS (Algérie) déclara qu'en principe, les inventions réalisées au cours de l'emploi devraient appartenir à l'employeur. En pratique, la question devrait être réglée par le contrat d'emploi ou par le règlement du personnel de l'entreprise. Afin de renforcer la position de l'employé, l'article 11 devrait prévoir non que l'inventeur a le droit d'être mentionné comme tel dans le brevet, mais qu'il doit être mentionné comme tel dans le brevet.

11.02 M. BENDRIS (Algérie) déclara qu'il désirait que l'article soit modifié de telle façon que la mention du nom de l'inventeur comme tel dans le brevet soit obligatoire.

17.10 M. BENDRIS (Algérie) déclara qu'il serait illusoire de recommander aux pays en voie de développement le système de l'examen préalable, puisque leurs Offices de brevets ne possèdent ni le personnel ni la documentation nécessaires au fonctionnement d'un tel système. Le projet devrait donc retenir le système de délivrance sans examen. Pour les cas, probablement rares, de demandes émanant de leurs ressortissants, les pays en voie de développement pourraient sans doute prévoir que de telles demandes soient soumises pour avis, par exemple à l'Institut International des Brevets.

19.03 M. BENDRIS (Algérie) déclara que l'enregistrement d'un brevet devrait pouvoir être annulé non seulement pour le cas prévu à l'article 19 - non-paiement des taxes annuelles - mais aussi pour d'autres raisons.

21.09 M. BENDRIS (Algérie) déclara que la notion d'importation ne devrait pas figurer dans l'article puisque cette notion est contraire à la philosophie fondamentale du projet qui vise à aider les pays en voie de développement à s'industrialiser.

27/30.12 M. BENDRIS (Algérie) déclara qu'il fallait prévoir l'enregistrement obligatoire non seulement des licences, mais aussi des cessions, et cela non seulement dans le but d'éviter des doubles cessions ou des doubles licences, mais aussi afin de créer une base pour le contrôle par l'Etat du rapatriement des bénéfices réalisés par les investisseurs étrangers ainsi que le contrôle général de la balance des paiements.

27/30.15 M. BENDRIS (Algérie) déclara que l'enregistrement de tous les contrats de licences était nécessaire; sinon, en effet, leur contrôle par le Gouvernement serait très difficile.

31.11 M. BENDRIS (Algérie) déclara qu'une disposition telle que celle de l'article 31 était sans aucun doute nécessaire pour la plupart des pays en voie de développement et que par conséquent les principes fondamentaux contenus dans cet article devraient figurer dans le projet.

33.11 M. BENDRIS (Algérie) estima que la période d'attente de 3 à 4 ans, prévue à l'article 33, était trop longue; il a toutefois reconnu qu'on ne pouvait trop la raccourcir parce qu'il fallait un certain temps pour introduire des nouvelles techniques. Il était important de souligner que non seulement l'article 33 mais également les articles 31 et 32 du projet étaient d'une très grande importance pour les pays en voie de développement. C'étaient en fait, ces articles là qui avaient retenu l'attention et qui avaient été très bien accueillis par son pays. Sans doute pouvait-on y apporter des améliorations d'ordre rédactionnel, mais leurs principes de base étaient valables et devraient donc être incorporés dans le projet sans que leurs caractéristiques essentielles soient modifiées.

35.04 M. BENDRIS (Algérie) déclara qu'il était nécessaire, pour un titulaire étranger de désigner un agent dans le pays pour agir en son nom en ce qui concerne les licences contractuelles. Cette disposition pourrait figurer à l'article 12.

39.02 M. BENDRIS (Algérie) suggéra que l'article en question prévoie que le montant des redevances soit fixé après avoir obtenu l'avis du Conseil supérieur économique et social, ou de tout autre organisme correspondant à celui-ci dans les pays autres que l'Algérie.

40.07 M. BENDRIS (Algérie) déclara que des copies de tous les actes relatifs aux cessions et aux licences, soit obligatoires, soit contractuelles, devraient être enregistrées au Bureau des brevets.

51/54.11 M. BENDRIS (Algérie) déclara que pour les pays en voie de développement, il est très désirable que la loi-type contienne des dispositions relatives au "know-how". Les articles en discussion devraient être maintenus dans le projet. Le commentaire devrait mentionner les diverses suggestions faites par les membres du Comité et par les observateurs.

50.07 M. BENDRIS (Algérie) déclara que la demande devrait être faite sous pli recommandé avec avis de réception ou par exploit d'huissier.

55.03 M. BENDRIS (Algérie) déclara que lorsque le breveté est domicilié à l'étranger, le Tribunal de la ville où le Bureau des brevets à son siège devrait être compétent. Dans les autres cas, c'est le Tribunal du domicile du breveté qui devrait être compétent, et non seulement un Tribunal pour tout le pays, car dans un pays possédant un grand territoire, une telle disposition pourrait présenter des inconvénients pour beaucoup de plaignants.

55.09 M. BENDRIS (Algérie) insista sur sa première proposition.

57.04 M. BENDRIS (Algérie) déclara que l'institution de certificats d'inventeur n'était pas nécessairement limitée aux pays communistes. Le système pourrait également être utilisé par des pays socialistes dont l'économie planifiée est centralisée. Dans une telle économie, les inventeurs pourraient désirer offrir leurs inventions à l'Etat afin qu'elles soient exploitées et réclameraient naturellement une rémunération correspondant à l'utilité de leur invention. Dans certains pays, dont l'Algérie, il y a trois secteurs: le secteur privé, le secteur de l'Etat, et le secteur socialiste, ce dernier étant un secteur dans lequel les employés exploitent collectivement l'entreprise dans laquelle ils travaillent. Le système des certificats d'inventeur pourrait être utile pour ce secteur également. L'Annexe A devrait donc être maintenue dans le projet.

57.13 M. BENDRIS (Algérie) déclara que, objectivement, il fallait mentionner les certificats d'inventeur dans le Projet. Le fait d'adopter ou de ne pas adopter les certificats d'inventeur n'était pas nécessairement une question d'ordre politique. En Union Soviétique, il y avait une tendance à s'éloigner des certificats d'inventeurs et à mettre les brevets en valeur. En Algérie, bien que les brevets soient préférables dans plusieurs secteurs de l'industrie, il y avait d'autres secteurs - tels que le secteur socialiste - dans lesquels les certificats d'inventeur pourraient être préférables.

57.22 M. BENDRIS (Algérie) déclara qu'il n'était pas d'accord avec le projet du Directeur. Il préférait de beaucoup que les suggestions relatives aux certificats d'inventeur émanent d'un comité international plutôt que d'un seul pays ayant manifestement une préférence pour le système des certificats d'inventeur.

57.31 M. BENDRIS (Algérie) se déclara favorable à l'inclusion de l'Annexe A dans le projet.

58.05 M. BENDRIS (Algérie) déclara que le projet devrait prévoir que les brevets de confirmation ne seraient accordés que lorsque le requérant - c'est-à-dire l'entreprise locale désirant exploiter l'invention - et le breveté étranger auraient conclu un accord sur l'exploitation. Ceci contribuerait à éviter les abus.

58.07 M. BENDRIS (Algérie) déclara accepter la proposition du Directeur.

60.03 M. BENDRIS (Algérie) en tant qu'un des co-auteurs du projet de recommandation, commenta ce projet et en proposa l'adoption. Les pays en voie de développement non-alignés, qui s'étaient réunis au Caire il y a quelque temps, se réuniraient à nouveau au printemps 1965 à Alger afin de discuter des questions économiques. La loi-type devrait être communiquée à cette réunion. Ceci accroîtrait l'intérêt porté à la loi-type et faciliterait l'adoption effective de lois sur les brevets qui permettraient aux pays en voie de développement non encore membres de l'Union de Paris d'y adhérer.

Interventions de M. FINNISS, Institut International des Brevets

2.23 M. FINNISS (Institut International des Brevets) exprima son accord sur l'article 2 tout entier ainsi que sur les vues du Directeur sur l'omission d'une disposition sur la divulgation abusive.

3.05 M. FINNISS (Institut International des Brevets) déclara que la nouvelle combinaison ou la nouvelle application d'éléments connus (pas nouveaux) conduisait fréquemment à des résultats nouveaux justifiant l'octroi d'un brevet.

5.05 M. FINNISS (Institut International des Brevets) déclara qu'il n'était pas dans l'intérêt de l'économie nationale de refuser de breveter les produits pharmaceutiques, non pas seulement parce qu'un tel refus étoufferait toute recherche, mais aussi parce que les fabricants étrangers de produits pharmaceutiques, n'étant pas protégés par des brevets, pourraient convenir entre eux de ne pas vendre leurs produits à un pays importateur en-dessous d'un certain prix. Il serait plus facile pour l'Etat de contrôler le prix si le produit pharmaceutique était breveté et si ce brevet pouvait faire l'objet d'une licence obligatoire qui obligerait d'importer et de vendre ce produit à des prix raisonnables.

6/7.19 M. FINNISS (Institut International des Brevets) déclara que les exigences minima de la Convention de Paris assurent en soi un certain degré de réciprocité. L'adhésion à l'Union de Paris semblerait donc être le moyen le plus sûr pour chaque pays de protéger les intérêts de ses ressortissants dans les pays étrangers. Ceci était également vrai pour les pays en voie de développement parce que, en vertu du principe du traitement national inscrit dans la Convention de Paris, leurs ressortissants bénéficieraient, dans un pays étranger hautement industrialisé, des droits plus favorables que ce pays étranger accorde à ses propres ressortissants, et cela malgré que le niveau général de protection puisse être inférieur dans les pays sous-développés que dans les pays hautement développés.

10.11 M. FINNISS (Institut International des Brevets) déclara que, bien que la question ne soit pas réglée en France par la loi, elle l'était par voie de règlement interne pour autant qu'il s'agisse des relations entre les instituts de recherche de l'Etat français et leurs employés

(a) si l'invention a été réalisée dans le domaine dans lequel l'employé travaillait en vertu de son contrat de travail, l'invention appartient à l'Etat;

(b) si l'employé a réalisé l'invention en dehors de son champ d'activité présumé, la solution dépend du fait qu'il a fait usage ou non d'un matériel appartenant au Gouvernement. S'il a fait usage d'un tel matériel, les droits sont partagés entre l'Etat et l'employé; s'il n'a pas fait usage d'un tel matériel, tous les droits lui appartiennent.

17.05 M. FINNISS (Institut International des Brevets) déclara que l'Institut International des Brevets avait été fondé par des pays n'ayant pas de système d'examen préalable précisément pour donner des avis quant à la nouveauté des inventions. L'Institut possède une abondante collection de brevets et de documentation technique ainsi qu'un personnel hautement qualifié d'examineurs. Les avis sont rendus sous 3 différentes formes. La plus simple des formes consiste à fournir une liste des brevets et des publications scientifiques relatifs aux sujets faisant l'objet de demandes de brevets ou de brevets déjà déposés. La seconde catégorie consiste à fournir des avis sur la question de la nouveauté d'une invention supposée originale. En troisième lieu, l'Institut assiste le Bureau des brevets néerlandais dans toute la procédure d'examen, y compris l'échange de vues avec les déposants; seule la décision finale d'accorder ou de ne pas accorder un brevet reste réservée au Bureau néerlandais des brevets. Dans le système proposé du "Brevet Européen" - brevet qui serait en vigueur dans les six pays de la Communauté Economique Européenne - l'Institut fournira un avis sur la nouveauté des inventions pour lesquelles une demande a été déposée au Bureau européen des brevets. L'Institut se charge également de recherches sur l'état de la technique dans un certain domaine, même si l'étude ne doit pas être utilisée en relation avec une demande de brevet. L'Institut pourrait, sur une base contractuelle et ad hoc, rendre des services à des Bureaux de brevets de pays en voie de développement même si ces pays ne désiraient pas adhérer aux Conventions créant l'Institut.

17.11 M. FINNISS (Institut International des Brevets) déclara qu'en aucun cas il ne faudrait recommander aux pays en voie de développement d'adopter un système à examen complet tel qu'il existe aux Etats-Unis, en Allemagne et dans certains autres pays. A la rigueur, ces pays pourraient adopter un système à examen différé tel qu'il a été récemment adopté par les Pays-Bas et tel qu'il a été envisagé dans le projet de Convention sur le brevet européen.

17.14 M. FINNISS (Institut International des Brevets) déclara qu'évidemment la réponse était négative. Les taxes variaient selon la nature et le volume des services rendus. Un avis pouvait coûter £ 20 ou £ 100. Des tarifs spéciaux pourraient être envisagés si un pays désirait faire appel régulièrement aux services de l'Institut.

18.04 M. FINNISS (Institut International des Brevets) déclara qu'il désirait revenir sur la question des taxes perçues par l'Institut International des Brevets. Si un pays en voie de développement décidait de demander à l'Institut d'effectuer des recherches pour chaque demande de brevet, une telle mesure intéresserait principalement les étrangers puisque l'on peut s'attendre à ce que le 90 % ou plus des demandes déposées dans un pays en voie de développement le seront par des étrangers. Ces étrangers pourraient, sans grande difficulté, acquitter les taxes demandées par l'Institut. Les déposants ressortissants du pays en question devraient payer les mêmes taxes, mais la plupart de ces taxes pourraient leur être remboursées sous forme d'aide à la recherche ou sous une autre forme de ce genre.

31.15 M. FINNISS (Institut International des Brevets) déclara qu'il était fréquemment très difficile, ou même impossible, de déterminer si un contrat a été conclu avec un étranger. Ceci découle du fait que bon nombre d'entreprises étrangères fondent des companies soeurs dans divers pays ou fusionnent avec des entreprises locales. Il serait donc plus sage de ne pas faire une distinction entre nationaux et étrangers et de préciser dans l'article que chaque contrat de licence devra être soumis à l'approbation du Ministre responsable des questions de propriété industrielle.

32.08 M. FINNISS (Institut International des Brevets) déclara que son intervention se réferrait à l'article 31 tel qu'il est libellé dans le projet, c'est-à-dire à la disposition qui parle des "étrangers". Naturellement, si l'article parlait de "paiements faits à l'étranger", alors les difficultés sur lesquelles il avait attiré l'attention du Comité disparaîtraient.

33bis.04 M. FINNISS (Institut International des Brevets) déclara se rallier entièrement au point de vue du Directeur. Les pays en voie de développement avaient besoin de connaissances techniques et de "know-how" et désiraient une industrialisation rapide. Une des possibilités d'atteindre ces buts était d'attirer le "know-how" et les capitaux étrangers en assurant une protection aux brevets. Par conséquent, il n'était pas recommandé de trop affaiblir le système des brevets. La question est de trouver un juste équilibre entre les droits exclusifs et les licences obligatoires.

Interventions de M. MASSALSKI, Fédération Internationale des
Ingénieurs Conseils

2.16 M. MASSALSKI (Fédération Internationale des Ingénieurs Conseils) déclara que la nouveauté universelle était préférable mais que certaines corrections pourraient être adoptées par le moyen du système des brevets d'importation, tel qu'il est connu en droit espagnol.

3.04 M. MASSALSKI (Fédération Internationale des Ingénieurs Conseils) proposa que l'on exige "une modification de l'état de la technique en l'enrichissant", puisque tout enrichissement n'est pas nécessairement un "dépassement" comme l'a proposé M. Montes.

5.07 M. MASSALSKI (Fédération Internationale des Ingénieurs Conseils) déclara que les produits pharmaceutiques et les nouvelles obtentions végétales devraient être protégés d'une façon quelconque; sinon par des brevets ordinaires, alors au moins par le moyen d'un enregistrement spécial.

8.05 M. MASSALSKI (Fédération Internationale des Ingénieurs Conseils) déclara que, lorsqu'il s'agissait d'un brevet d'introduction tel que connu en droit espagnol, il n'y avait absolument aucun lien entre le véritable inventeur et le demandeur. Ce type de brevet pourrait être utile pour les pays en voie de développement.

21.11 M. MASSALSKI (Fédération Internationale des Ingénieurs Conseils) déclara que le maintien de la notion d'importation était nécessaire également pour la sauvegarde des intérêts des inventeurs locaux; sinon, en effet, ces derniers ne pourraient pas empêcher le marché national d'être inondé par des imitations non-autorisées, faites à l'étranger, de leurs inventions.

24.07 M. MASSALSKI (Fédération Internationale des Ingénieurs Conseils) déclara qu'il était dans l'intérêt des pays en voie de développement d'avoir une disposition limitative. Par conséquent la proposition française ne devait pas être acceptée.

31.16 M. MASSALSKI (Fédération Internationale des Ingénieurs Conseils) déclara que la question n'était pas de décider si un pays devait adopter une politique de laisser-faire ou non. La question était beaucoup plus limitative, puisqu'il s'agissait de savoir s'il fallait insérer une disposition sur les relations économiques avec les étrangers dans la loi sur les brevets ou s'il fallait régler cette question d'une façon beaucoup plus générale. A son avis, il n'y avait pas de doute qu'une telle disposition ne devrait pas figurer dans le projet et qu'il faudrait simplement mentionner dans le commentaire la nécessité d'instaurer un éventuel contrôle par le Gouvernement. De toutes façons, l'article considéré, qui ne traitait que des contrats de licence, n'atteignait pas le but envisagé: les cessions des brevets, tout aussi importantes que les licences, n'étaient pas couvertes.

32.11 M. MASSALSKI (Fédération Internationale des Ingénieurs Conseils) déclara que l'article 32 pouvait avoir des conséquences beaucoup plus graves que l'article 31. Selon l'article 31, il était possible de ne pas approuver une licence, mais selon l'article 32, certaines clauses d'un contrat de licence signées et éventuellement approuvées par l'autorité gouvernementale, seraient nulles et non-avenues, ab initio.

33.05 M. MASSALSKI (Fédération Internationale des Ingénieurs Conseils) déclara que le besoin d'une licence provisoire ou obligatoire était évident et qu'il n'y avait pas lieu d'en discuter. Le texte de l'alinéa (1) était encore trop long et trop compliqué et donnait l'impression que les licences obligatoires pouvaient être accordées pour pratiquement n'importe quelle raison. Ceci diminuerait considérablement la valeur des brevets et découragerait l'investissement si important pour les pays en voie de développement. Les mots "à des conditions équitables" au point (b) étaient particulièrement imprécis et pouvaient donner lieu à des interprétations tout à fait arbitraires. Il suffirait de remplacer tout le texte de l'alinéa (1) par une disposition précisant que si l'invention brevetée et capable d'être exploitée dans le pays ne l'était pas conformément aux dispositions de l'alinéa (3), à des conditions raisonnables, alors une licence obligatoire pourrait être accordée.

41.05 M. MASSALSKI (Fédération Internationale des Ingénieurs conseils) déclara que puisque les licences obligatoires ne seraient pas exclusives, il n'y avait pas lieu de les rendre révocables. Il serait injuste de révoquer une licence obligatoire une fois que le concessionnaire avait investi ses capitaux.

51/54.04 M. MASSALSKI (Fédération Internationale des Ingénieurs conseils) déclara que la question du "know-how" ne devrait pas figurer dans le Projet de Loi-type.

45.02 M. MASSALSKI (Fédération Internationale des Ingénieurs conseils) déclara que la question était d'une nature hautement technique et que les Tribunaux Civils auraient à faire appel à des experts.

Intervention de M. NARAGHI, Iran

60.05 M. NARAGHI (Iran) exprima d'une part son accord sur le texte de la Loi-type et de la recommandation, et d'autre part forma le vœu que les BIRPI soient bientôt en mesure de mettre à la disposition des pays en voie de développement des lois-types sur les marques de fabrique et les dessins ou modèles industriels et d'encourager ainsi leur promulgation avec, et conséquemment, les modifications appropriées de certains règlements d'application et ceux administratifs.

Interventions de M. POINTET, Chambre de Commerce Internationale

10.14 M. POINTET (Chambre de commerce internationale) cita à titre d'exemple la Suisse, où la question n'est pas réglée par la loi sur les brevets, mais par le Code des obligations. Lorsque la nature du service promis par l'employé lui impose une activité inventive, les inventions de l'employé appartiennent à l'employeur. Si l'employé n'a pas été engagé en vue de déployer une activité inventive, mais qu'il réalise cependant une invention, cette dernière appartient à l'employeur s'il se l'est expressément réservée. Mais l'employé peut réclamer une indemnité si l'invention est d'une réelle importance économique. Les inventions faites en dehors de ces deux cas appartiennent à l'employé.

51/54.05 M. POINTET (Chambre de commerce internationale) déclara que le "know-how" pouvait certainement être considéré comme rentrant dans le domaine de la propriété industrielle. Des dispositions appropriées sur le "know-how" dans les lois sur les brevets des pays en voie de développement constitueraient une sécurité pour les personnes et les entreprises éventuellement prêtes à investir des capitaux et, de ce fait, accroîtraient les chances d'investissement. De telles dispositions renforceraient également la position des licenciés et entraîneraient ainsi des avantages économiques importants pour les pays en voie de développement.

51/54.08 M. POINTET (Chambre de Commerce Internationale) précisa que si l'Association Internationale pour la Protection de la Propriété Industrielle était d'avis que la question du "know-how" ne devrait être mentionnée que dans le Commentaire, la Chambre de Commerce Internationale en revanche était en faveur de son inclusion dans le projet même.

BUREAUX INTERNATIONAUX
RÉUNIS POUR LA PROTECTION
DE LA PROPRIÉTÉ INTELLECTUELLE
GENÈVE, SUISSE

BIRPI

UNITED INTERNATIONAL
BUREAUX FOR THE PROTECTION
OF INTELLECTUAL PROPERTY
GENEVA, SWITZERLAND

PJ/34/11
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MODEL LAW ON INVENTIONS
AND TECHNOLOGICAL KNOWLEDGE

(Provisional Edition)

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The International Union for the Protection of Industrial Property was founded in 1883. BIRPI, the Secretariat of this, one of the oldest intergovernmental organisations 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 BIRPI

Geneva, March 1965

HISTORY OF THE MODEL LAW

The idea of a model law for developing countries on inventions and technological knowledge 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 resolution which, among other things, recommended

"that BIRPI should undertake to prepare a draft model law for the protection of inventions and technical know-how taking into account the various existing systems, and accompanied by explanatory notes." 1)

(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;

.....

BIRPI did prepare such a draft model law and commentary early in 1964 ²⁾ 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 developing ³⁾ 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.

Footnote (1) contd.

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 Organisation.

4. that the Secretary-General of the United Nations Organisation 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) Document PJ/34/2.

(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 Organisation, although also listed as developing in UNCTAD, were not among the 69 because they had recently already adopted a uniform patent law.

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 countries ⁴⁾--and other intergovernmental and non-governmental international organizations were invited to delegate observers to the Committee and these observers actively participated in the discussions.

The list of participants is reproduced in doc. PJ/34/8.

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 technological knowledge 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.

.....

4)

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

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." 5)

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 Underdeveloped Countries." 6)

In these circumstances, the Model Law Committee proceeded on the assumption that a law for the protection of inventions and technological knowledge 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 technological knowledge 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.

5) Document PJ/25/5 Rev.

6) No. E 3861, E/C. 5/82/Rev.1.

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 resolution which, in respect of the draft of the text and the commentary expressed the view ⁷⁾:

7) 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 Bureau 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 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:

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"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 meeting 8), 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 resolution also recommended 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..."

Footnote 7) contd.

- (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."

8) I.e., the 69 countries referred to above.

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 technological knowledge, or adapt their present law to their present needs.

TEXT AND COMMENTARY OF THE
MODEL LAW ON INVENTIONS
AND TECHNOLOGICAL KNOWLEDGETEXTCOMMENTARYGuiding Principles of the Model Law

The Model Law wishes to encourage inventiveness and industrial investment through adequate protection for inventions and technological knowledge in a way which seems to be the most adequate 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 inventions but also, more generally, with technological knowledge because such knowledge, 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 Model Law contains, in an Annex, 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 technological knowledge (Sections 53 to 57), and Part III with certain procedural provisions and the reference to Regulations, both common to patents and technological knowledge (Sections 58 and 59).

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

P A R T I : P A T E N T S

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).

Section I: Patentable Inventions

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

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

Paragraph (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).

Paragraph (2) excludes from patentability principles and discoveries of a scientific nature.

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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, paragraph (2) could be omitted as superfluous. Such omission would be particularly justified if paragraph (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 paragraph (2) 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.

Paragraph (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 paragraph (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 construed 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 to 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 intermediary solution permitting, in special circumstances, the granting of patents even where the requirement of universal novelty was not fulfilled.

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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.

Paragraph (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).

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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.

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 addition for relatively simple modifications of inventions or techniques, for example, where such modifications adapt the inventions or techniques to local conditions. Such patents of addition would then be available 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 be required to be both novel and 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.

Point (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.

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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).

Point (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 point (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.

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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.

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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 indispensable since the effects referred to in the preceding paragraph are produced by the 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 A 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 Section 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.

Subject to the sole exception provided for in Section 10, the first paragraph of Section 8 enounces the principle according to which the right to a patent belongs 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.

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 at law of the inventor. (For the assignment and transfer of patent applications and patents, see Section 26.)

Paragraph (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, the third paragraph of Section 8 establishes an irrebuttable presumption of inventorship: is to be deemed to be the inventor or his successor in title 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.

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

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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).

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 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 inventor's 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 agreeing 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.

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.

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 limitations⁵ are indicated.

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

(3) In the circumstances provided for in paragraph (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 paragraph (1), the employee-inventor shall have a similar right if the invention is of very exceptional importance.

(4) The provisions of the preceding paragraph shall not be modified by contract.

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 for exercising 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 paragraph, provides that the provisions concerning the remuneration of the employee-inventor contained in paragraph (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.

Paragraph (1) means that the true inventor is entitled to be named as such in the patent. He has this right even if he is not the first to apply for a patent, and, consequently, has no right to a patent. 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.

(2) The preceding provision shall not be modified by contract.

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

CHAPTER III: GRANT OF PATENT

Chapter III deals with the procedure for the grant of patents, including their registration and publication.

The procedure for grant raises a basic question which has to be resolved by every patent law. The question is whether patents should be granted with or without a so-called preliminary examination, by the Patent Office, an examination mainly destined to determine whether the conditions of patentability (Sections 1 to 5) have been met.

Among the countries having a patent law, the number of countries having an examining system is not very different from the number of countries having a system without examination.

Even examining systems, where they exist, show considerable differences from country to country. As to the scope of the examination, some laws provide for examination of all the conditions of patentability, while others call for the examination only of the novelty of the invention. As to the procedure, examination might be "independent" or "after call for oppositions": in the first case, the Patent Office has contact only with the applicant; in the second, the Patent Office publishes the application and invites any interested person to signify to it any reason which, in the opinion of such person, should

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prevent the granting of patent. As to the time when examination starts, there is the system in which examination starts as soon as possible after filing, and there is the "deferred examination system" in which the Patent Office starts examination only some time--for example, seven years--after filing.

Another system is that in which examination is replaced by a requirement according to which the applicant has to file, at the time of the application or within a certain period of time thereafter, an opinion, given by an independent authority, on the novelty of the invention.

Finally, there is the system, known in many countries, in which there is no examination whatsoever, except with respect to conditions of form.

The Model Law Committee discussed thoroughly these various possibilities and expressed the wish that the present Commentary call attention to, and analyze, the possible advantages and disadvantages of an examining system as opposed to a non-examining system.

In an examining system, applications must be drawn up more carefully, and therefore the issuing patents are more clearly worded. Furthermore, because of the scrutiny all examination implies, it is more likely in the case of a patent granted after examination than without examination that it will be upheld by the courts in an action for declaration of nullity. Many patents granted without

preliminary examination 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 might be long and costly-- even such patents do have a certain deterring effect and might hamper industry and commerce.

While, in theory, an examining system may always seem to be better than a non-examining system, the former does have the serious practical disadvantage, particularly relevant to developing countries, that it is difficult to apply and is very costly. Any examining system requires the training and employment of qualified engineers capable of understanding and evaluating difficult technical questions. 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.

Consequently it will frequently be difficult, if not outright impossible, for a developing country to adopt an examining system, particularly if it relies fully on its own resources. It might, however, be possible in some countries to adopt an examining system in which the burden of the examination would not have to be carried solely by the Patent Office of the country.

Several kinds of systems such as this might be imagined. The following were referred to during the discussions of the Model Law Committee:

1. The Patent Office could, through contractual arrangements with the Patent Office of another country, procure for its own use the results of the examination effected in the Patent Office of the other country. A Patent Office could make such arrangements not only with one but also with several other Patent Offices.
2. The country could, for the purposes of having novelty searches effected, seek association with qualified intergovernmental organizations such as the International Patent Institute at The Hague in the Netherlands.
3. The Patent Office could entrust the task of novelty examination, at least in some fields of technology, to other Government offices, or to private individuals in the country or abroad, who have the technical qualifications necessary to carry out the examination.
4. Several countries could jointly establish a common regional office whose findings in matters of examination would be accepted by each of these countries.
5. One or more countries could establish a technical information and documentation center--possibly with the help of the United

Nations or other intergovernmental organizations--which, among other things, could undertake the novelty examination of patent applications.

In all these cases, the fees paid by applicants for patents ought to cover the cost of examination. However, applicants unable, because of their material circumstances, to pay the normal fees could be exempted from payment. The exemption would, in theory, apply both to nationals and foreigners. In practice, however, probably more nationals would qualify.

It would be vain to try to recommend one system rather than the other. Each country must make its own choice on the basis of the possibilities existing for it in practice.

If none of the various methods of preliminary examination is suitable in practice, there remains no other possibility than the adoption of a non-examining system. This system is not without advantages: as already indicated, it is neither complicated nor costly. The experience of many countries, both highly developed and developing, shows that a non-examining system may be quite satisfactory, to the Government as well as to the inventors and industrialists, at least during an initial period.

In view of these considerations, the Model Law adopts the system of granting patents without examination.

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Accordingly, the Model Law provides that the Patent Office examines patent applications only as to their form (Section 17) but does not examine them for the purposes of determining whether the invention satisfies the conditions of patentability provided for in Sections 1 to 5, and whether the description and the claims satisfy the requirements of Section 13.

— If the conditions and requirements of Sections 1 to 5, and 13, are not fulfilled and a patent is granted, it will be declared null and void by the courts on the request of any interested party (Section 47). Such declaration has a retroactive effect (Section 48).

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 elected by him in 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.

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 in the country and indicate it in the application (paragraph (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 elected address in the country (see Section 19(4)).

The requirements of description and claims (paragraphs (1)(b) and (c)) are

(3) If the application is made by an agent, it shall be accompanied by a signed power of attorney; legalisation 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 Regulations.

relevant both in connection with the scope of the protection (Section 22) and the validity of the patent (Section 47(1)(b)).

Paragraph (2) concerns the application of Section 11.

Paragraph (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.

Paragraph (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, Regulations should be issued. A possible basis for such Regulations 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.

Paragraph (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).

Paragraph (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).

Paragraph (3) wants 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 may relate to only one invention,

(2) Subject to the preceding paragraph, 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;

Paragraph (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 Regulations must be paid.

Paragraph (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

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(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.

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 Administration 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 the 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 of 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 Regulations 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 file, within a period of three months, 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, no patent shall be granted.

As already indicated, the Model Law follows the system of non-examination, that is, the Patent Office does not examine applications as to their essence. This does not, however, mean that the Patent Office does not examine applications as to their form. Rather, the Patent Office must examine every application as to its compliance with the formal requirements of the Law. Section 17 deals with this question.

Paragraph (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. The Office, however, will not examine whether the description is sufficiently clear and complete, whether the claims sufficiently define the protection sought, and whether the claims exceed the contents of the description (see Section 13). These are questions going to the essence of the application and will be considered only by the judicial authorities in a litigation involving the question of the validity of the patent, for example, in an action for the declaration of the nullity of the patent (see Section 47).

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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. For practical reasons, the examination will be a limited one, formal in nature, as the question may be a difficult one from a scientific and technical viewpoint, and, if it is, non-examining Patent Offices will hardly be in a position to resolve it. If, in the opinion of the Patent Office, the application relates to two or several inventions, it will invite the applicant to restrict his application to one of the inventions and 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 file divisional applications, 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 (paragraph (2), in fine). The Patent Office will not examine the question of substance consisting of whether the invoked first application really relates to the same invention as the application it examines. This is a question which goes to the substance of the priority claim and can --in a system which does not provide for preliminary examination by the Patent Office-- be resolved only 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 an action 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 (paragraph (1)). If the fees have not been paid, the Office will not grant a patent (paragraph (2)).

Section 18: Grant of Patent Without Guarantee

Where the application has been made in the prescribed manner, a patent shall be granted without further examination, at the risk of the applicant, and without guarantee as to its validity.

The validity of a patent granted by a Patent Office may be challenged before a court. The court will decide whether it is valid or not (see Section 47). Thus, there cannot be a guarantee on the part of the State that the patent is valid.

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

(1) A patent shall be granted by the issuance of an official copy 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 elected address 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

This Section deals with the contents of a patent as granted (paragraph (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 (paragraph (2)), the changes of address or elected address (paragraph (3)), and the way in which notifications to the registered owner are to be effected (paragraph (4)).

Paragraph (1) is self-explanatory.

Paragraph (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.

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 elected address 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 elected address.

The same paragraph 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).

Paragraph (3) is self-explanatory.

Paragraph (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 licenses (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

Paragraph (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

extent permitted and in the manner prescribed by the Regulations, 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 each patent.

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 Regulations.

Paragraph (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 serves that purpose. 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

A patent shall confer upon its registered owner the right to preclude third parties from:

(a) making, importing and offering for sale, selling, using, or stocking for these latter purposes, the product, the subject of the patented invention;

(b) applying the process, the subject of the patented invention, importing and offering for sale,

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,

selling, using, or stocking for these latter purposes, the product obtained directly by means of the patented process, provided that the product is not a plant variety or an animal breed.

to the owner of the patent. Item (a) of the Section under consideration deals with these acts as far as they relate to products; and item (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 has been 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 has, however, been 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 proviso appended to item (b) is inserted in order to prevent plant varieties or animal breeds, declared to be unpatentable by Section 5, from being nevertheless covered by a patent when they are products directly obtained by means of a 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 may 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 paragraph (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 paragraph (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 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.

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

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

Paragraph (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 paragraph (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. 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.

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

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

(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 Regulations.

(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 paragraph (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 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

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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 essence 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.

A problem of a different, although related, kind arises in the case of countries which adopt a system with full or limited examination as to the essence of the patent applications (see the introduction of the Commentary to Chapter III). 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 Regulations, are usually progressive, in the sense that the closer the patent gets to the end of the 20-year period, 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 others, 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 paragraph (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 5bis 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 paragraph (3) provides that all lapses for non-payment of fees must be published "as soon as possible." Section 19 also provides for the registration of lapses in the Patent Office. The same Office must also publish and register the surrender of patents (Section 46(3)) and decisions declaring patents null and void (Section 48(2)).

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 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 Regulations; assignments or transfers by succession shall have no effect against third parties until after such registration.

Paragraph (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 transmission, the Model Law contains no provision. In such cases the general rules of law are applicable. Expropriation would be a case in point.

Paragraph (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.

Paragraph (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 these transactions

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 licensee. More generally: only after registration of 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 devolved upon several heirs, or if it was assigned to several assignees, or if the owner assigned 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 a 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.

Paragraph (1) establishes the faculty of the owner of the patent to grant licenses by contract.

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

Paragraph (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).

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

Paragraph (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 infringement 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 himself the invention.

(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 himself the invention.

Paragraphs (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.

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, paragraph (2) shall apply as to whatever is designated as exclusive in the contract, and paragraph (1) shall apply as 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 to 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 has been 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 has devoted particular attention to this Section. It has been 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 of 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 being 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 paragraph (1). Examples of prohibited restrictions have been given above.

Paragraph (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.

Paragraph (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. If such restrictions are contrary to the economic interests of the country, the Government may 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

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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 revokable 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 paragraph (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;

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

"Working" has a special meaning and is defined in paragraph (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.

Paragraph (1)--in items (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

(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.

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 paragraph (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 two expires later: 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 essence of 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.

Items (a) to (d) are largely self-explanatory.

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

Item (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 high that the acquisition of the product is beyond the purchasing power of the public.

Item (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.

Item (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 paragraph (1) are met, no compulsory license may be granted if the owner of the patent justifies the non-working, etc., "by legitimate reasons" (paragraph (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.

Paragraph (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 the 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 the public health, compulsory licenses may be granted, in the conditions provided for in Section 34, even before the expiration of the period mentioned in paragraph (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 the Section under consideration 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 an earlier patent, 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 already been patented by another person. 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 application of 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: (a) the patented

invention must serve industrial purposes different from those served by the earlier patent, or (b) 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.

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.

Paragraph (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.

Paragraph (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 beneficiary 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 how much 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 has been 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 dispensed from 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 beneficiary 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 after 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 contractual licenses on terms more favourable to the licensee.

(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.

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 paragraph (2) is intended to keep free from prejudice the beneficiary of the license if the 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.

Efficient functioning of the system of compulsory licenses requires careful regulation of the procedure of the grant. The

(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.

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 Regulations referred to in Section 59.

Paragraph (1) is self-explanatory.

Paragraph (2) provides, in essence, that the court must give a chance to the parties to be heard by the court (as to the notification of 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 essence 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.

Paragraph (3) means that the authority receiving the application for the compulsory license (i.e., the court, if paragraph (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 calculation of 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.

Paragraph (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 RIGHTSection 45

(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

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

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 beneficiary of a license of right may neither assign it nor grant sub-licenses under it.

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 this respect 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 paragraph (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;

(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.

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 proviso is of particular importance if the law does not provide for an examination of the applications as to their essence. 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 system with examination as to the essence of the applications. See the comments introducing Chapter III.

(2) If the provisions of the preceding paragraph 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.

The nullity will be declared by the judicial authorities on request of "any person, including any competent authority" (paragraph (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 items (a), (b) and (c) of paragraph (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 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.

Paragraph (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.

Paragraph (3) is particularly important in a system in which patent applications are not examined as to the

novelty of the inventions. 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 were 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 Section 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 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.

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

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

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.

Paragraph (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.

Paragraph (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.

The Model Law Committee has 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.

- (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 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 paragraphs (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).

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

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

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.

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 : TECHNOLOGICAL KNOWLEDGE

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

The protection offered by the Model Law to technological knowledge applies whether a given technological knowledge 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 have been voiced in the Model Law Committee whether the Model Law should depart from the general situation and try to deal also with technological knowledge. 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, at the end, the Committee agreed that it would be useful and desirable to insert provisions of a limited nature on the protection of technological knowledge 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 technological knowledge than patented inventions. For these, of course, protection, to some extent, of technological knowledge will be an important consideration. The protection offered by the Model Law is a protection against the dishonest disclosure, communication, or use of secret technological knowledge.

The other advantage for developing countries is that the provisions would enable the Governments to exercise a certain control over contracts concerning technological knowledge. Much of the technological knowledge comes, of course, from abroad, and it is made available under license contracts. Some of the technological knowledge is connected with patents and the contracts licensing the use of patents will frequently also deal with the licensing of technological knowledge. This, however, is not necessarily the case. Much of the technological knowledge 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 technological knowledge 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 technological knowledge is free, and secret technological knowledge is protected. Section 54 defines the protection of secret technological knowledge. Section 55 deals with the problem of the independent acquisition of technological knowledge. Section 56 deals with transfers and licenses, and Section 57 deals with legal proceedings.

Section 53: Conditions of Protection of Technological Knowledge

(1) Subject to any right conferred by patents in force and the provisions of paragraph (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.

Paragraph (1) enunciates the principle according to which technological knowledge is, as a rule, in the public domain, that is, can be freely used by anybody. The same paragraph indicates the exceptions according to which technological knowledge 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 paragraph (2).

Paragraph (2) deals with the second case. It follows from this paragraph that technological knowledge 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 publication 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 technological knowledge. He shall, for example, have to impose secrecy on his personnel and prohibit access of third parties to his plant.

The same paragraph also indicates the acts which are lawful only with the permission of the developer of the secret technological knowledge. 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 technological knowledge, 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 the same right of exclusion against the other independent inventor as against any other member of the public. Not so in the case of technological knowledge. If two persons develop the same technological knowledge, 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 paragraphs 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 technological knowledge (i.e., the technological knowledge referred to in paragraph (2) of Section 53), the Section under consideration concerns both technological knowledge, whether non-secret (cf. paragraph (1) of Section 53) or secret.

Paragraph (1) means that both secret and non-secret technological knowledge are capable of transfer and licensing, whereas paragraph (2) makes certain provisions of the Model Law relating to the transfer and licensing of patents applicable to the transfer and licensing of technological knowledge. Among these provisions is Section 32. Thus, the possibility of Government control of license contracts dealing with technological knowledge 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 REGULATIONS

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 Regulations 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 technological knowledge, 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 technological knowledge.

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.

Paragraph (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.

(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.

The procedure itself would be governed by the procedural laws of the country.

Paragraph (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 time and money.

Paragraph (3) is designed to take into account the difficulty inherent in most litigations concerning patents and technological knowledge, 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.

Paragraph (4) is self-explanatory.

Section 59: Regulations

The Regulations 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 Regulations 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 25(1)(2) and 28(3)).

A N N E X 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 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 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.

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;

- 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 Regulations, 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 Regulations.

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 Sections 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

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 paragraph (1), items (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 paragraph (1), item (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 to be justified and

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.

therefore the patent of introduction should be considered not to have been granted.

Paragraph (2) makes applicable by analogy Section 47(2)(3), dealing with partial nullity and certain reference material to be furnished by 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.

A N N E X B

POSSIBLE AD DEND UMON 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 in its patent law provisions also 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) 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.

CHAPTER XII: GRANT OF INVENTORS' CERTIFICATESSection 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.

Paragraph (1) makes applicable to inventors' certificates, by analogy and with two exceptions, all sections of the first three chapters of the Model Law dealing with patents. The two exceptions are Sections 1 and 16. Section 1 would have to be replaced by the text set out on the preceding page. Section 16 deals with fees for patents. Certificates of invention are exempt from fees since the right to exploit them belongs to the same State which grants them.

Paragraph (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.

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

Paragraph (1) deals with the obligations of the State, and paragraph (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 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, in effect, that the State has an exclusive right of exploitation: no undertaking or person (including the holder of the certificate) may exploit the invention without the license of the State.

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 much 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 Regulations.

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 Regulations. 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 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 paragraph (1) above.

This section is self-explanatory.

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, 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 Regulations.

BIRPI

UNITED INTERNATIONAL BUREAU
FOR THE PROTECTION OF INTELLECTUAL PROPERTY
GENEVA, SWITZERLAND

COMMITTEE OF EXPERTS TO STUDY A MODEL LAW FOR DEVELOPING COUNTRIES ON INVENTIONS AND TECHNICAL KNOW-HOW

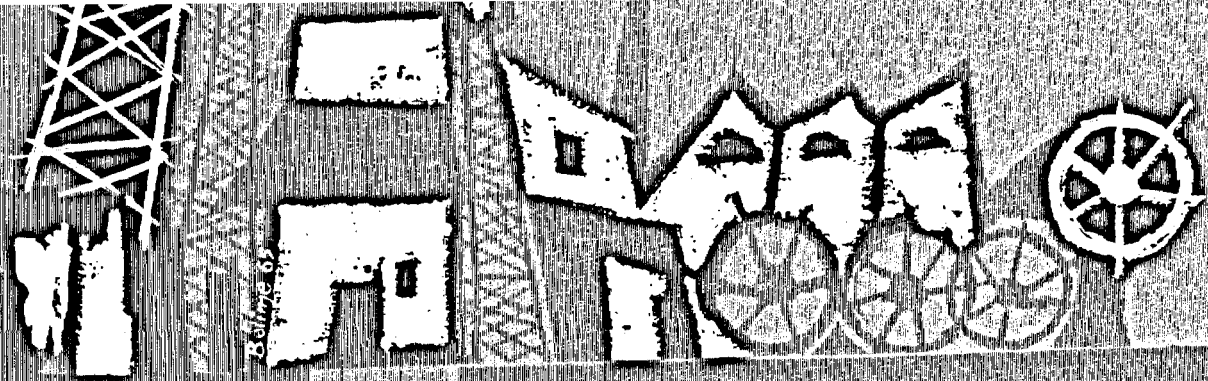
(Geneva, October 19 to 23, 1964)

CORRIGENDUM TO DOCUMENT PJ/34/11

MODEL LAW ON INVENTIONS AND
TECHNOLOGICAL KNOWLEDGE

Page 72, (left-hand column) - Insert the following
paragraph (3):

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



**MODEL LAW
FOR
DEVELOPING COUNTRIES
ON
INVENTIONS**



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

**MODEL LAW
FOR DEVELOPING COUNTRIES
ON INVENTIONS**

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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.

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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 P/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 P/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 Bureau 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."

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.

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.

(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 (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.

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.

(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.

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 exceedingor 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 multi-lateral 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)

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Mr. Stephen P. LADAS, Lawyer, Treasurer of AIPPI, New York.

INTERNATIONAL CHAMBER OF COMMERCE (ICC)

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INTERNATIONAL FEDERATION OF PATENT AGENTS (FICPI)

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Vice-Chairman: Mr. A. JOGARAO (India).

Vice-Chairman: Mr. Donald MACAULAY (Sierra Leone).

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BULLETIN

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AMERICAN GROUP AIPPI

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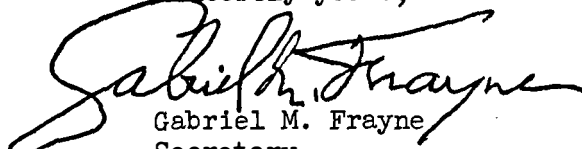
Dear Friend:

The International Bureau at Geneva (officially named in English "United International Bureaux for the Protection of Intellectual Property", and usually referred to as BIRPI after the initials of its name in French) has prepared draft of a model patent law, to serve as a guide for developing countries in the formulation of their own patent law. BIRPI has also prepared a commentary on its model patent law, explaining the origin, purposes and specific provisions thereof. The model patent law and the commentary thereon are to be presented by BIRPI to governmental experts from developing countries at a conference scheduled to take place in Geneva beginning October 15, 1964.

BIRPI has submitted the model patent law and commentary to the AIPPI for the latter's views. At the meeting of the International Executive Committee of the AIPPI which concluded last Friday, September 18, 1964, in Salzburg, Austria, the Bureau of the AIPPI charged a small special commission headed by Mr. Christopher Robinson, Q.C., of Canada, with preparation of a report on these documents. The Bureau of the AIPPI then submitted the same documents and the report of the Robinson special commission to the Presidents of the National Groups of the AIPPI and thereafter to the International Executive Committee at its plenary session on Friday, September 18, 1964. On the basis of such time as had been available for study, various observations were made, in the presence of Dr. Bodenhausen, director of BIRPI. A request was made for additional time within which the members of National Groups might be consulted and asked to submit their comments. It was agreed that such additional comments might be made and sent to the Bureau of the AIPPI prior to October 5, 1964, so that they might be considered by the conference of governmental experts scheduled for October 15, 1964.

We accordingly send to you herewith copies of (a) BIRPI's draft model patent law, (b) BIRPI's commentary thereon, (c) report of special commission headed by Mr. Robinson. If you have any comments to make with regard to these documents, please communicate the same to the undersigned prior to October 1, 1964, so that these may be considered and passed on to the Bureau of AIPPI prior to October 5, 1964.

Sincerely yours,



Gabriel M. Frayne
Secretary

BIRPI

UNITED INTERNATIONAL BUREAU
FOR THE PROTECTION OF INTELLECTUAL PROPERTY
GENEVA, SWITZERLAND

COMMITTEE OF EXPERTS TO STUDY A MODEL LAW FOR DEVELOPING COUNTRIES ON INVENTIONS AND TECHNICAL KNOW-HOW

~~_____~~
(Geneva, October 19 to 23, 1964)

DRAFT COMMENTARY

ON THE MODEL LAW

(Working Document)

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MODEL LAW ON INVENTIONS AND TECHNICAL KNOW-HOW

- DRAFT COMMENTARY -

- Working Document -

I. Origin and purpose of the draft

A "Committee of Experts to study industrial property problems of industrially less developed countries" met at Geneva from October 21 to 23, 1963. This Committee was composed of delegates from the following countries:

Algeria, Brazil, Colombia, Czechoslovakia, Iran, Japan, Sweden, Tanganyika, United States of America and Venezuela,

and benefited from the presence of two experts, Professor Stojan Pretnar of the University of Ljubljana, Yugoslavia, and M. J.E. Moukoko, Director-General of the African and Malagasy Industrial Property Office, Cameroon.

The Committee sat under the chairmanship of M. Brahim Bendris, delegate of Algeria, and its secretariat was furnished by the United International Bureaux for the Protection of Intellectual Property (BIRPI).

At the conclusion of its discussions, the Committee, having taken account of all the problems regarding industrial property in the countries in the course of industrial development, unanimously recommended that:

"1. 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;"

In order to give effect to the second of these recommendations, BIRPI have prepared the present draft model law, which they propose to submit to a second Committee of Experts, composed solely of delegates of countries which are industrially under-developed.

The commentary on the draft model law does not seek to deal with the question whether the protection of inventions and technical know-how is or is not helpful to countries in the course of industrial development.

The aforesaid Committee of Experts applied itself to these problems and the conclusions they reached are contained in the report of Mr. Dionis R. Bitegeko, delegate of Tanganyika, Reporter of the Committee. Mr. Dionis R. Bitegeko has expressed himself as follows:

"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".

Subsequently, these questions were the subject of a still more detailed study in the report of the Secretary-General of the United Nations on "The role of patents in the transfer of technology to under-developed countries" (No. E/3861; E/C.5/52/Rev.1, dated March 10, 1964).

The present draft model law is only in the nature of proposals for the attention of countries in course of development who wish to legislate or modernise their existing legislation on the protection of inventions and technical know-how.

II. Ideas underlying the draft

The ideas underlying the draft model law may be summarized as follows:

The draft is based, in the first instance, on the traditional system of patents, which has proved itself in the industrially developed countries. However, it adds to this system protection for technical "know-how" in so far as manufacturing secrets are concerned (Articles 51 to 54). Unpatented and non-secret technical know-how should be at the free disposal of industry (Article 51(1)).

In the draft, the system of patents is adapted to the special needs of the countries which are industrially less developed by the introduction:

(a) of a detailed regulation of contractual licenses (Articles 27 to 32), providing for the possibility of governmental control of these contracts, in so far as they are concluded with a foreigner or a foreign enterprise (Article 31), and containing a special provision nullifying the provisions of license contracts which impose upon the licensee, in commercial or industrial fields, limitations extending beyond the scope of the rights conferred by the patent (Article 32);

(b) of a detailed regulation of compulsory licenses (Articles 33 to 42) providing for such licenses in the case of failure to work or for insufficient working and in cases of inter-dependence of patents;

(c) of a system of licenses of right (Article 43), conferring upon any person the right at any time to obtain a license for the working of a patent upon such conditions as may be fixed, in the absence of agreement, by the judicial authority of the country concerned.

This system of contractual licenses, compulsory licenses and licenses of right, extending to over one third of the Articles of the draft model law, constitutes, so to speak, its centre of gravity.

A system of contractual licenses, with the same governmental control and the same limits concerning the freedom of trade, is similarly provided for in the case of unpatented technical know-how (Article 53).

Governmental control in respect of license contracts, both in the case of patents and of technical know-how, could protect not only national interests against undue foreign influence, but also the national balance of payments.

To give effect to the recommendations of the Committee of Experts, and in order that the draft model law should "take account of the various existing systems", the draft provides for the possibility of amending or completing certain points. Thus, certain provisions contain variants referred to in the Commentary and from which the countries in the course of development can choose when adopting the law applicable on their territories.

To avoid confusion, the principal variants have been separated from the text of the draft model law and are presented in Annexes A and B to the draft law. These provide for the possibility of introducing into the model law, in addition to the system of patents,

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that of inventors' certificates or confirmation patents.

The system of inventors' certificates is known in certain socialist countries in which the principal means of production belong to the State. This system differs from the patent system in that the inventor no longer enjoys the monopoly of exploitation; this monopoly, where possible, must be the responsibility of the State. Confirmation patents are known under various names, particularly in certain Latin-American countries, where they enable special protection to be obtained for an invention, thereby making investment or industrial development possible in cases where an ordinary patent can no longer be obtained.

Other variants permitting, for example, the exclusion of certain categories of products from patentability, or the limitation of the protection of patented processes, are indicated in the case of the Articles (5 and 21) which deal with these matters.

The flexibility thus obtained in the draft by means of these variants justifies the suggestion that the special interests of countries in the course of industrial development, as emphasised by the aforesaid Committee of Experts and the report of the Secretary-General of the United Nations, are sufficiently safeguarded.

Another question for examination in relation to the special situation of these countries is that of deciding if a preliminary examination of patent applications, to be carried out by the Patent Office and bearing upon patentability, should be recommended to the countries in question. The draft model law replies to this question in the negative (Articles 17 and 18). In effect, experience in recent decades has shown that such examination imposed increasingly heavy burdens, both as regards personnel and cost, upon the countries which practised it, to such an extent that certain of them have already amended their legislation in this respect, or are seeking, by way of Conventions, to lighten the task of the National Industrial Property Offices. It would also seem that, at least during an initial period, the countries in the course of industrial

development would be well-advised not to become involved in the difficulties of preliminary examination as regards patentability, it being open to them to adopt such a system at a later stage should they consider it to be opportune. The organisation of a common Office, or adhesion to the International Patents Institute of The Hague, might then become advisable in this respect.

We would add that, according to the draft model law, an examination, a posteriori, of patents is made possible in certain cases by the provisions of Article 45 (3), which allow a Tribunal dealing with an action for the nullity of a patent to obtain information as to the possibility of anticipation of the patent in question.

III. System covered by the draft model law

As in the case of all patent legislation, the draft model law conceives the patent as a temporary exclusive right to the exploitation of an invention. The social and economic basis of this right is twofold; first, by the grant of this temporary protection, inventions, and investment in relation thereto, are encouraged; further, from the fact that patenting involves publication of the invention, such invention, at the expiration of the period of the validity of the patent, becomes available for free exploitation by all, after perhaps having, during this period of validity, inspired other and different inventions.

Based upon this concept of a patent, the draft model law first indicates (Articles 1 to 5) the conditions of patentability. These conditions are three in number: there must be an invention, which is new (Article 2), which is the outcome of inventive activity (Article 3), and which is capable of industrial application (Article 4). The draft subsequently lists (Article 5) certain exceptions to patentability.

As regards the question as to who is entitled to obtain the patent, the draft model law replies as follows (Articles 8 to 11):

In principle, the person entitled to obtain the patent is the inventor or his successor in title, or, in the case of a joint invention, the joint inventors or their successors in title. However, any person who first applies for the grant of a patent for an invention (or who is the first to make a valid claim for priority) is, apart from certain exceptional cases indicated in the draft (Articles 9 and 10), considered as the inventor or his successor in title. This rule is justified since, in the case where the same invention has been made independently by two or more inventors, it is the one who first applies for the patent, and who thus causes publication of the invention, as required by the law, who deserves protection.

As regards the grant of the patent the draft law provides that application therefor shall be made to the National Patent Office in accordance with the formal conditions specified both in the law itself and in the regulations which will complete it (Articles 12 to 18 and 56). The Office will investigate whether certain formal conditions have been complied with (Article 17), but will not undertake any examination as to whether the application satisfies the material conditions of patentability (Articles 1 to 5), nor whether it contains a sufficiently clear and complete description of the invention (Article 13). If the conditions of Articles 1 to 5 and 13 are not complied with, or if the claims of the patent do not define the protection claimed, the patent will, upon application by any interested person, be declared null and void by the Court (Article 45) with retroactive effect (Article 46).

The draft model law defines the rights conferred by the patent, as well as the limitation of these rights (Articles 21 and 24), and the term of the patent (Article 25).

It regulates the assignment and transmission of patent applications and patents (Article 26) and the system of contractual licenses, compulsory licenses and licenses of right (Articles 27 to 43), to which reference has already been made. The procedure to be followed in the case of compulsory licenses is of capital importance; it is

also the subject of a special Article (Article 42).

Other provisions in the draft relate to the surrender of a patent (Article 44) and action for nullity (Articles 45 and 46). Provision is also made for civil or penal sanctions in the case of infringement of the patent (Articles 47 to 50).

At the end of the draft model law will be found detailed provisions relating to unpatented technical know-how, provisions which have special importance for countries in the course of development. The underlying idea is that, subject to patents that may, at the time, be in force in the country concerned, methods and data which are necessary or useful in the application or the putting into practice of industrial techniques are within the public domain, and thus usable by all (Article 51 (1)). This important principle is only limited in the case where the person who has developed these techniques, or who has lawfully acquired them, has kept them secret (i.e., has neither published them nor made them accessible to the public, and has taken the necessary steps to prevent their disclosure); it is in these cases only that unauthorized use or disclosure of these manufacturing secrets is considered to be unlawful (Articles 51 (2) and 52). The draft provides that manufacturing secrets can be transferred or be the subject of license contracts, but subject to the same conditions and the same governmental control as in the case of patents (Article 53). Breaches of the regulations governing technical know-how can be the subject of judicial proceedings.

The draft model law ends with provisions relating to judicial competence (Article 55) and to the Regulations which will implement the law (Article 56). These Regulations, even more than the law itself, should be adapted to the requirements and to the judicial system of each country concerned. For this reason, it has not been possible to draft a model of the Regulations.

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IV. The Articles of the draft model law

The following notes complete, in relation to each Article, the general commentary on the draft law.

FIRST PART: PATENTS

SECTION I : General Provisions

Article 1 : This Article defines, in its first paragraph, the substantial requirements for patentability. As already indicated above, these conditions are three in number: invention (resulting from inventive activity), novelty and susceptibility of industrial application.

Paragraph 2 of the same Article excludes from the notion of invention, and consequently from patentability, principles and discoveries of a scientific nature. This exclusion is the rule in all existing patent systems. Certainly, if a scientific principle or discovery gives rise to a new product or to a new process, which at the same time stems from inventive activity and is capable of industrial application, this product or process would be patentable.

Article 2 : Novelty is defined in this Article negatively; an invention is new if it does not form part of the state of the art. The state of the art which lacks novelty is subsequently defined positively; it is constituted by everything made available to the public anywhere or at any time before the date of the filing of the patent application or the priority date validly claimed in respect thereof, by means of written or oral description, by use or in any other way (as, for example, by exhibition, subject always to paragraph 2 of this Article).

Naturally, the proof of oral description, of use or of an exhibition accessible to the public, would sometimes be more difficult to establish than that of a written

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description, of which not only the exact contents, but also the date of publication, would normally be known.

Nevertheless, the system of absolute lack of novelty, as indicated, justifies itself by avoiding consideration as novel and patentable in a developing country of anything which would not be so considered elsewhere.

Paragraph 2 of the Article provides for the case in which an invention is disclosed at a public exhibition and prescribes that such an invention would not, solely by reason of this fact, be considered as having been made available to the public, provided the three following conditions are fulfilled. It is necessary for the exhibition to be an official or officially recognized international exhibition, for the invention to have been exhibited by the inventor or his successor in title, and finally for this to have occurred within the six months preceding the patent application.

Article 3 : This Article specifies that invention only results from inventive activity if the invention does not emerge in a manner that is obvious from the state of the art (according to the definition given to the latter by Article 2). Thus, it is not sufficient for the product or the process in question merely to be new; it must also not be obvious to a person skilled in the art.

Article 4 : An invention shall be deemed to be susceptible of industrial application if it can be manufactured or used in any kind of industry, including agriculture.

Starting with the idea that the subject of an invention is always either a product or a process, the aforesaid definition leads to the following results:

A product is susceptible of industrial application if

it can be manufactured or used in industry or agriculture; on the other hand, a process cannot be manufactured, but only used: thus a process is capable of industrial application if it can be used in industry or agriculture.

Article 5 : This Article excludes from patentability products which are plant varieties (even if the latter are "manufactured" or "used" in agriculture) and animal varieties, as well as processes which are essentially biological, but with the exception of microbiological processes and products thereof, since, in these latter cases, industrial processes and products are, in fact, involved.

In the second place, inventions which, if published or exploited, would be contrary to morality or public order are excluded from patentability. This could apply in the case of inventions, the publication of which would be contrary to moral standards current in a country or inventions which would be too dangerous if exploited. If the exploitation of an invention is prohibited (for example, as being contrary to a State monopoly) this does not, of itself, mean that such exploitation would be contrary to public order, which only involves prohibitions of a fundamental character.

Variants can also be introduced in Article 5. Certain legislation excludes, for example, the patentability of chemical or pharmaceutical products or products serving as foods for human beings and animals. The grounds for these exclusions are either that patents for such products would limit to an unreasonable extent, research in new methods of manufacture of these products or that such patents would have too much effect on the needs of every day life or public health. Each country will have to decide this question in the light of its own interests; the exclusion of the above-mentioned products

(or some of them) from patentability will give rise to more freedom of competition, but will not encourage, in the countries concerned, inventions and industrial investment in these fields, since these depend, to some extent, on the patentability of these products.

Where exceptions of this kind to patentability are desired, it would be necessary to add to Article 5 a paragraph (c), on the following lines:

"(c) Chemical or pharmaceutical products or products as food for human beings and animals".

Article 6 : This Article takes account of the possibility that a country interested in the model law might be a party to a multilateral or bilateral Convention particularly concerning rights under patents. The best-known example of such a multilateral Convention on this subject is the Paris Convention for the Protection of Industrial Property, mentioned in the above recommendation 1(b) of the Committee of Experts to study industrial property problems of industrially less developed countries. Conventions of this kind sometimes contain rules which can be directly invoked by the nationals of States which are parties thereto, or by other beneficiaries. Article 6 of the draft model law ensures that these rules shall, in effect, be directly applicable, by virtue of the law. In relation to the Paris Convention, this means that the beneficiaries of this Convention (Articles 2 and 3 of the Convention) may invoke all the provisions of the present law, and equally the rights specially provided for by the Convention.

On the other hand, Article 7 of the draft law deals with the case of foreigners who are not beneficiaries of any Convention in this matter. Such foreigners can invoke the present law, subject to reciprocity, that

is to say, provided their national law also gives protection to inventions for the benefit of nationals of the country involved. Naturally, this means formal and not material reciprocity.

SECTION II : Right to a Patent

Article 8 : As already briefly explained above, this Article lays down the principle (paragraph 1) that the right to the patent belongs to the inventor or to his successor in title. Following this provision, the right to an invention, including the right to apply for a patent therefor, can be assigned or transmitted even prior to the application for a patent; the owner of the right would then be the successor in title to the inventor. (The assignment or transmission of patent applications and of patents themselves is regulated by Article 26).

Paragraph 2 of Article 8 provides for the case of an invention made jointly by two or more persons. These persons are then co-inventors, and the right to the patent belongs jointly to them or to their successors in title. The same paragraph provides that, in order to benefit from the status of inventor, it is not sufficient to have taken part in the execution of an invention by mere technical assistance. It is also necessary to have contributed an inventive activity, within the meaning of Article 3 of the law.

By paragraph 3 of Article 8, the question of ascertaining who is the inventor will always be of limited importance. In order to avoid troublesome disputes on these questions, the paragraph creates a fiction of the status of inventor, or successor in title of the inventor, by attributing this status, apart from two exceptional cases (Articles 9 and 10), to the person who has first filed a patent application for an invention or who has first validly claimed priority for an application for the same invention. This system of legal fiction justifies itself not only as a means of avoiding troublesome disputes, but also

by the consideration, as indicated above, that the person who first applies for the patent thereby causes publication of the invention, as required by the law, and deserves protection.

The fiction of the status of the inventor benefits not only the person who first files a patent application for the same invention, but also the person who has validly claimed a priority in respect of an application for the same invention.

According to the aforesaid Paris Convention, which will ultimately be applicable by virtue of Article 6 of the draft model law, priority can only be validly claimed in respect of the first filing of a patent application in one of the countries of the Union (with the sole exception of Article 4 C, paragraph 4, of the Convention). The claim to priority provided for by Article 8 (3) of the model law should thus extend to the priority of the first application. In the case where priority would be invoked for different patent applications of identical date, the person who first invoked such a priority would be considered as the inventor.

The system envisaged by Article 8 of the draft, with the fiction of the status of inventor, implies, as a corollary, that no person can invoke, against the person who has first deposited a patent application (or who has validly claimed priority), the fact that he is inventor, first inventor, or co-inventor, or that, for other reasons, he should be entitled to the patent. However, this rule is subject to two exceptions, the first of which is covered by Article 9.

Article 9 : This Article provides that if the inventor, who has not been the first person to apply for the patent (or to have validly claimed priority) and who is therefore

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not considered by the law to be the inventor, is able to prove not only that he is the inventor, but also that the applicant for the patent obtained his invention without he himself having consented to such acquisition, nor to the filing of a patent application by the person who so acquired the invention, he (the inventor) may claim the patent application or the patent granted on such an application. In such cases of usurpation, the first applicant for the patent, the pretended inventor, must yield to the true inventor.

Article 10 : A second exceptional system is provided for by Article 10, which deals with inventions made by agents or employees. In certain countries, the legal provisions of civil or administrative law relating to contracts of agency or employment provide a reply to the question as to who owns the right to a patent for an invention made in fulfilment of these contracts.

Certain clauses in the contracts themselves can also solve the question. However, as regards cases where such solution would not follow either from civil or administrative law or from the actual contracts, it is desirable that the law relating to inventions and technical know-how should contain provisions in this respect. Such provisions should be simple in themselves and in their application. On the assumption that the inventions referred to in Article 10 will be made under a contract and often with means placed at the disposal of the inventor by the commissioner or the employer, it is only equitable that the right to the patent for such an invention should belong to them. If then, in such a case, the agent or employee was the first applicant for a patent for such an invention and, as a result, was presumed to be the inventor, the commissioner or the employer could claim

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the patent application or the patent granted upon such application.

Article 11 : Article 11 of the draft model law provides that, in all cases, the inventor, even if he is not the first applicant for the patent and cannot thus be considered as being entitled to such patent, shall nevertheless be entitled to be mentioned as inventor in the patent. He may submit an application to this effect to the Patent Office prior to the grant of the patent or, after grant, to the competent Court.

SECTION III : Grant of Patents

Article 12 : A patent is only granted upon application submitted to the Patent Office. Article 12 specifies the contents of such an application and calls for no special comment in this respect.

Article 13 : This Article emphasises that the description of the invention, the subject of the patent application, must be sufficiently clear and complete to enable a person skilled in the art, aided only by the indications contained in the description, to carry out the invention. A fundamental principle is involved, it being accepted that the counterpart of the right of temporary monopoly granted to the patentee is that the publication of the details of the invention should advance technical knowledge.

Article 14 : This Article prohibits the inventor or his successor in title from joining in a single patent application for two or more different inventions. Each invention must be the subject of a separate application for which the fees prescribed for this purpose will be payable.

Article 15 : A right of priority may be granted by virtue of legislative provisions or international treaties, the most important of which is the Paris Convention (see the above-mentioned report of the Secretary-General of the United Nations). The international regulation of the right of priority is based upon Article 4 of this Convention, which Article will, where appropriate, be applicable by virtue of Article 6 of the model law.

In accordance with Article 4 of the Paris Convention, any person who has duly filed a patent application in

a country, party to the Convention, or who is the successor in title of such a person, enjoys a right of priority for the purpose of filing, in other countries parties to the Convention, a patent application for the same invention during a period of twelve months from the date of the first filing. During this period, the second application cannot be invalidated through acts accomplished in the interval, such as publication of the invention, its exploitation, or the filing by a third party of a patent application for the same invention, nor can these acts give rise to any third party rights or rights of personal possession.

It goes without saying that any person who wishes to avail himself of the priority of an earlier application must justify his claim; Article 15 of the draft model law accordingly specifies the particulars which the applicant must furnish, in conformity with the provisions of Article 4 of the Paris Convention.

Article 16 : This Article does not call for any comment.

Article 17 : As indicated above, the draft does not envisage the examination of patents by the Office, except as regards formalities (Articles 12, 14, 15 and 16). In this respect, there is no appeal from the decision of the Patent Office, in so far as it relates to the compliance with the formalities prescribed, i.e., no person may, after grant, attack a patent on the ground that the application has not complied with certain formal requirements, or that the patent is not restricted to a single invention, or that fees have not been paid in due time. On the other hand, recognition of a right of priority, which is not a pure formality, can be dealt with by the Court, for example, in proceedings for the nullification of the

patent. If the Patent Office wrongly recognized a priority, the Court could annul it, and if recognition had been wrongly refused by the Office, the Court would order its recognition.

Another more extensive control is exercised by the Court if called upon to decide on the nullity of a patent. In such a case, the Court will examine if the material conditions for patentability are fulfilled, if the description and claims of the patent are in accordance with the law, and if the same invention has been patented as the consequence of an earlier application or with the benefit of an earlier priority.

Article 18 : This Article results from the system of examination of applications for patents, envisaged by the draft.

Articles 19 and 20 : These Articles regulate the administration of patents by the Patent Office.

Patents must be granted, that is to say, an official copy must be sent to the owner. The patent so issued will contain the details mentioned in Article 20, viz, number, owner, dates of application and grant, date of priority, if any, finally recognized, description of the invention, with drawings, if any, and, finally, the claims.

A copy of the same patent must be recorded in a register kept by the Patent Office for this purpose (Article 19). (The term "registered" is to be understood in a wide sense, meaning that the register may be constituted by the actual assembling of copies of patents and not by their reproduction in a pre-existing register).

There shall be recorded, in respect of each patent: its expiry by reason of non-payment of the annual fees, where applicable, and all acts envisaged by the law

(Article 26, assignments and transmissions; Article 27, contractual licenses; Article 40, compulsory licenses; Article 41, cancellation or amendment of these licenses; Article 43, licenses of right; Article 44, surrender; Article 46, nullity).

The Patent Office shall publish, in an Office Gazette or in an official national gazette, in respect of each patent, the essential particulars mentioned (Article 20).

SECTION IV : Rights Conferred by the Patent

Article 21 : Subject to the reservation as to single invention required by Article 14, a patent can be in respect of a product or a process or, according to the various claims, both. Article 21 defines the scope of the rights conferred by the patent - in paragraph (a) as regards a patent in respect of a product, and in paragraph (b) as regards a patent in respect of a process.

It is generally accepted in patent legislation that the rights conferred by a patent are not restricted to the manufacture of a product or to the use of a patented process, but that the patent should also protect the owner against importation, sale and use of the patented product or of the product which results directly from the carrying out of the patented process.

Variants are, however, possible here. For example, a country wishing to limit patents for a process to the application of such process could delete from paragraph (b) all matter from and including the words "as well as...". The result would be that, if the process were applied abroad, the product thereof could be freely imported into the country, and thereafter freely sold and used. However, any such weakening of the patent would not encourage industrial investment, which would then be at the mercy of free importation. Each country should accordingly exercise prudence in making its choice.

If paragraph (b) is maintained in its entirety, the final provision following the words "provided that ..." will be necessary, in order to prevent products which are not patentable under Article 5, paragraph (a), from being covered by a patent as the direct products of a patented process.

Article 22 : The proposed limitations of the rights attached to a patent are usual and only call for brief comment.

It follows from paragraph 2 that each product can be freely used after it has been lawfully put on the market in a country. In this connection, it is unimportant whether it has been lawfully manufactured or lawfully put on the market in some other country. By "lawfully put on the market" must be understood introduced into trade or commerce by the owner of the patent or by the holder of a license or by a person who is in a position to avail himself of the right recognized by Article 24, or, further, has been introduced commercially before the grant of the patent. "Lawfully" relates to the condition of the product itself in relation to the patent; the contractual clauses concerning the patent cannot diminish, as regards third parties, the propriety of its commercial introduction.

Article 23 : This Article emphasises the importance of the claims of a patent, which should define the protection sought (Article 12). These claims may be interpreted by means of the description and, if necessary, by the drawings but they remain the basis of the protection. The greatest care should accordingly be given to the drafting of claims, so that the inventor may be assured of a truly adequate protection.

Article 24 : If, at the time of filing of an application for a patent, or at the date of priority validly claimed in respect thereof, a third party (or the inventor himself) was already openly using the invention, the invention could not be considered to be new (Article 2) and a patent could not be validly obtained for it. If, on the other hand, the preliminary use of the invention was secret, i.e., had not been made available

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to the public within the meaning of Article 2, the novelty of the invention would not be destroyed and a patent could be validly obtained. In this case, the position of a third party, acting in good faith, is protected by Article 24. A third party who had obtained the invention from the applicant for a patent without his authorization would not be regarded as acting in good faith.

SECTION V : Term of Patent and Fees

Article 25 : The term of twenty years provided for patents, subject to expiration for non-payment of annual fees, surrender or annulment, is a normal term. A shorter term would risk a serious reduction in the attraction which a patent offers for industrial investment in the country. It should not be forgotten that, generally speaking, several years elapse before decisions to exploit can be taken and implemented. Such exploitation will then be covered by the patent for the remainder of its term.

The system of payment of annual fees, which can be progressive, has the advantage that patents which have not sufficient importance, and which accordingly constitute a useless obstacle to the freedom of trade, can lapse simply by non-payment of the annual fees.

SECTION VI : Assignment and Transmission of Patent Applications and Patents

Article 26 : Patent applications and the patent itself can change owners by succession and by assignment inter vivos. In these cases, the patent applications must be considered as indivisible and cannot therefore be transmitted or assigned in part, either as regards a part of the invention itself, a part of its territorial area of exploitation, or a part of the rights conferred by the patent under Article 21.

Cases of co-ownership can exist, e.g., if the patent has been applied for and obtained by several persons who could be, but are not necessarily, co-inventors (cf. Article 8) or if the patent has been transmitted, causa mortis, to several heirs or, further, if the patent has been assigned to several persons or if the owner has only assigned a co-ownership's share. In all these cases, the effect of co-ownership will be governed by civil law, the patent remaining indivisible.

Paragraph 2 of Article 26 prescribes the form of assignment.

Paragraph 3 regulates the effect of assignment; between the parties it is valid (subject to the civil law) upon the accomplishment of the formalities specified in paragraph 2; as regards third parties, it will only have effect after registration at the Patent Office. (The same system is envisaged for contractual licenses - Article 27; compulsory licenses - Articles 40 and 41; and licenses of right - Article 43).

This effect as regards third parties is important, because it prevents a second assignment of the patent by the original owner and enables the new owner to

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grant licenses and to take action against infringements of the patent, etc.

SECTION VII : Contractual Licenses

Article 27 : The power to grant patent licenses is of extreme importance to countries in the course of development, since it should facilitate local exploitation of any patent.

Article 27 does not call for comment, except as regards the effect of the license in relation to third parties after its registration at the Patent Office. This registration, which is provided for in paragraph 3 of this Article, in effect has the following consequences:

1. The license remains valid, even after the assignment or transmission of the patent to another person.
2. The owner of the patent cannot surrender it without the consent of any licensees (Article 44, paragraph 4).
3. The licensee can, in his own name, institute legal proceedings rendered necessary by infringement of the patent (Article 50).

Registration of licenses at the Patent Office also has the advantage for the Government of the country that it is better able to appreciate the economic importance of the patent concerned.

Article 28 : Normally, a contractual license will be non-exclusive and will not exclude the possibility of the owner of the patent granting licenses to other persons to exploit the same invention, nor himself exploiting the patent concurrently with the licensee or licensees. The license contracts can, however, always provide otherwise, i.e., they can specify licenses that are wholly or partially exclusive, or which exclude the owner of the patent from exploiting it. Partial

exclusivity can apply as regards the term of such exclusivity, the territory to which the license applies, the method of applying the patent and the rights which it confers in accordance with Article 21.

Article 29 : The license will normally be general and for the full term of the patent, but it can be limited contractually as regards time, geographical field (for only part of the territory), technique (only in respect of one or more methods of application of the patent), or in relation to the rights conferred by the patent in accordance with Article 21 (for example, the right of manufacture, importation, sale or use, or combinations of these rights).

Article 30 : The license contract can specify that the license shall be assignable, wholly or partially, and with or without the enterprise concerned, or that the licensee may grant sub-licenses, with or without the limitations mentioned in relation to Article 29.

Article 31 : It is very important for industrially developing countries to make provision for governmental control prior to the grant of licenses or to certain categories of them, when these are to be concluded with foreigners or foreign enterprises (whether such foreigners are licensors or licensees).

Article 31 is based upon Japanese legislation in this respect but it also resembles the provisions of several other legislations (see U.N. Report, pp.102 to 107).

Article 32 : A patent, as an exclusive right to the exploitation of an invention, confers, for the social and economic reasons mentioned above, a temporary monopoly of such exploitation. The owner can extend to third parties

the benefit of this monopoly by granting licenses and, in this event, he is free to limit them (cf. Article 29, above). In this, there is neither abuse of monopoly nor unjustifiable limitation of competition since, without such a license, no third party would be entitled to exploit the invention, and since the grant of these rights to third parties, even with limitations, weakens the monopoly of the owner of the patent and increases competition. Such is the position in principle. However, it is necessary to prevent the owner of the patent using license contracts to impose upon the licensee limitations which, in the commercial or industrial field, exceed the scope of the rights conferred upon him by his patent. This would occur if, for example, the patentee sought to require the licensee to purchase or use certain non-patented material, or to prohibit him from exporting to certain foreign countries, when such exportation was not already limited by patents existing within such countries.

If, then, the owner of a patent is entitled to stipulate in a license contract that the licensee shall only exploit the patent for a certain period or within a certain portion of the country, or for certain acts covered by the patent, he is nevertheless not entitled to stipulate that the licensee shall not, for example, export, or that he shall not sell competing products which do not fall within the scope of the patent, or that he must purchase unpatented material solely from the owner of the patent subject, of course, to the application of paragraph 2 of Article 32.

Paragraph 2 indicates, in effect, what are the limitations which will not be considered as going beyond the scope of the patent. Among these justifiable limitations no reference will be found to limitation as

regards price; such limitations are not an inherent element in the exploitation of a patent and should be left to free competition.

It may be mentioned that if certain clauses in the license contract impose upon the licensee limitations in the commercial or industrial fields which go beyond the scope of the rights conferred by the patent, nullity resulting from Article 32, paragraph 1, affects, in principle, only these clauses and not the contract in its entirety. However, the Court which, in accordance with Article 55 of the law, decides the nullity of clauses in the license contract will equally have to decide the question whether or not the nullity of certain essential clauses in the contract should entail nullity of the contract as a whole, according to the accepted rules of law in such matters. It is nevertheless desirable, for the security of commercial relations and in the interest of countries where the license is to be exploited, for license contracts to remain valid to the fullest possible extent.

SECTION VIII : Compulsory Licenses

Article 33 : An adequate regulation of compulsory licenses is of major importance to an industrially developing country, since such regulation would encourage working, within the country, of patented inventions, and would prevent patents granted from obstructing or hindering industrial development or freedom of trade.

The draft law contains detailed provisions in this respect, partly taken from the legislation of India. Before entering into details of this system of compulsory licenses, we would briefly indicate the reasons for which it has not been considered desirable to retain certain other possibilities designed for the same purpose, namely, that of encouraging working within the country itself of patented inventions, and of avoiding unjustifiable restrictions on trade. These possibilities might have been as follow:

1. Automatic expiration of the patent after a certain period in cases of non-working within the country.
2. Revocation of the patent for the same reasons by a legal or administrative Tribunal.
3. Expropriation of the patent.
4. Special compulsory license, for the benefit of the Government.
5. Special compulsory licenses for the manufacture or importation of certain products, e.g. pharmaceutical products or foodstuffs, in so far as such products were not excluded from patentability (cf. in this respect the comments on Article 5).

But a detailed study of these various possibilities leads to the following conclusions:

Possibilities Nos. 1 and 2 would not give good results; if they favour importation and freedom of trade, they in no way encourage industrial working within the country by the inventor, working which, without a patent, would be even less likely than otherwise. Further, possibility No. 1 does not take account of the varying types of cases and, as a result, is far too rigid.

Possibility No. 3 has no place in patent legislation and could only be considered within the framework of general legislation on expropriation.

Possibility No. 4 is superfluous once there is adequate general regulation of compulsory licenses, which regulation can also be used for the benefit of the Government.

As regards possibility No. 5, it should be borne in mind that the discrimination which it involves as regards certain products would not encourage inventions and the industrial investment necessary for their working.

Further, it does not appear desirable to recommend a general control of compulsory licenses in the public interest. Such a formula, by reason of its vagueness, lends itself too readily to abuse and would be such as to discourage inventors and industrial investment within a country. It accordingly seems preferable to specify the cases in which a compulsory license could be granted.

First, as regards the time of application, Article 33 provides that a license can be applied for after the expiration of a period of four years from the date of the filing of a patent application, or three years

from the date of the grant, whichever period last expires.

These are the periods specified in Article 5 A (4) of the Paris Convention for the Protection of Industrial Property. They are reasonable periods; the owner of the patent should have sufficient time before the date from which an application for compulsory license can be made, in which he can make preparations for the working of his patent in the country, either by himself or by contractual licensees.

As in the case of Article 5 A (4) of the Paris Convention, Article 33 of the law provides that, of the two aforesaid periods it is the period which last expires which is to be applied. In countries which do not undertake preliminary examination of patents for novelty, there should, in practice, be no great difference between the length of these two periods, since the patent would normally be granted within the year following the filing of the application.

The grounds upon which a compulsory license can be requested (and two or more can be invoked simultaneously) are as follow:

- (a) non-working or insufficient working within the country (paragraph 3 of Article 33 specifies that by "working" must be understood manufacture of a patented article or application of a patented process, but not importation, sale or use of a patented product;
- (b) that the demand for the product is not being met on reasonable terms (this can be the case even if the invention is being worked within the country);
- (c) that working within the country is hindered by importation. This is the case when there is

working within the country, e.g., by virtue of a contractual or compulsory license, but the working is hindered by substantial importation on the part of the owner of the patent. In such a case, a compulsory license can be granted to enable increased working to take place;

- (d) that by reason of the refusal of the patentee to grant licenses on reasonable terms:
 - (i) export is being prejudiced, or
 - (ii) the establishment or development of commercial or industrial activities within the country (not necessarily relating to the patent in question) is unfairly and substantially prejudiced;
- (e) that by reason of conditions imposed by the patentee upon the grant of licenses, or upon the purchase, hire or use of the patented article or process, the manufacture, use or sale of materials not protected by the patent, or the establishment or development of commercial or industrial activities within the country, are unfairly and substantially prejudiced.

However, paragraph 2 of Article 33 provides that a compulsory license will not be granted if the patentee justifies himself by legitimate reasons. Since the purpose is to stimulate working within the country, importation can never be a justification.

Article 34 : This Article provides that a compulsory license can be applied for in a quite different type of case from those specified in the preceding Article, namely in the case of a dependent patent. There cannot be a multiplicity of patents for the same invention (Article 45 (1)(c)), but cases arise where a given invention cannot be worked without infringing an earlier

patent. Article 34 provides that, in such cases, a compulsory license can be obtained, provided always that two conditions are satisfied; it is necessary for the invention forming the subject of the later patent to meet industrial purposes different from those of the invention forming the subject of the earlier patent, or to constitute noteworthy technical progress in relation to it. Further, if the two inventions serve the same industrial purpose, a compulsory license will only be granted subject to the grant of a license under the later patent to the owner of the earlier patent, if he so requests.

Article 35 : The owner of a patent must be able to avoid the grant of a compulsory license by granting a contractual license. It is for this reason that the applicant for a compulsory license must furnish proof that he has first approached the patentee and has not been able to obtain from him a contractual license on reasonable terms.

Naturally, this requirement applies equally to the case where the applicant for a license has been unable to obtain a reply from the owner of the patent, or has obtained any entirely negative reply.

Article 36 : It is to be clearly understood that compulsory licenses are not automatically granted to the first applicant, but only to persons in a position to remedy the deficiencies which justify the grant of compulsory licenses.

Article 37 : A compulsory license cannot be exclusive. It should not prevent the patentee from granting other licenses, but may contain restrictions, or be subject to conditions.

Article 38 : To avoid abuse, restrictions have been imposed on the transfer of compulsory licenses. They call for no special observations.

Article 39 : It is obviously necessary, in the case of the grant of a compulsory license, that the owner of the patent should receive adequate royalties. "Adequate royalties" within the meaning of this Article does not mean remuneration in the nature of a penalty. It means royalties appropriate to the working of the invention.

Article 40 : Observations made in relation to Article 27, paragraph 3, apply equally to the effects of registration of compulsory licenses at the Patent Office.

Article 41 : This Article deals with cancellation of a compulsory license and with the amendments which may be made in such a license. It calls for no special comment.

Article 42 : This Article regulates the procedure for obtaining a compulsory license. Its provisions are self-explanatory.

SECTION IX : Licenses of Right

Article 43 : To complete the proposed system of contractual and compulsory licenses, the draft model law makes provision for "licenses of right". The owner of a patent, although requiring the Patent Office to record in the register that his patent is subject to "licenses of right", still retains the exclusive right to the invention, and consequently the right to prevent any exploitation of it which has not been authorized by him. At the same time, he undertakes to grant a contractual license to any interested person who so requests, upon such conditions as, failing agreement, may be fixed by the Court. In order to encourage the development of this system, the draft model law provides that the amount of the fees and renewal fees payable in respect of patents shall be reduced by one half in the case of any patents in respect of which the mention "licenses of right" has been inscribed in the register (paragraphs 1, 2 and 3).

Subject to the conditions and with the effect indicated in paragraph 4, the owner of a patent can, at any time, obtain cancellation of the inscription "licenses of right".

Subject to the power of the Court to fix conditions for the grant of a license of right in the absence of agreement between the parties, the provisions governing contractual licenses (Articles 27 to 32) apply equally to licenses of right (paragraph 5).

SECTION X : Surrender and Nullity

Article 44 : The most simple way in which the owner of a patent can surrender his right to it, before the expiration of its normal term, is clearly to refrain from paying the annual renewal fees (Article 25). However, cases can arise, for example, by negotiation, where the patentee might wish to surrender his patent with immediate effect. Article 44 prescribes procedure for this purpose.

Since surrender might prejudice a licensee who had embarked upon working based upon the existence of the patent and of his own license, the owner of a patent may not surrender it without the consent of the licensee. This provision applies both in the case of contractual licenses and licenses of right.

There is no similar provision in the case of compulsory licenses, since the conditions of the grant of the license, to be determined by the Court (Article 42, paragraph 2), can also cover this situation.

Article 45 : A patent can also be annulled, wholly or in part, under the conditions specified in Article 45, in the following circumstances:

- (a) if the patent does not satisfy the requirements of patentability within the terms of Articles 1 to 5;
- (b) if the description of the invention given in the patent is not sufficiently clear and complete for it to be carried out by a person skilled in the art (Article 13); it may be mentioned here that no description, however detailed, can be absolutely exhaustive, and that there is accordingly no question of requiring the description to enable the invention to be understood by an

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inexperienced person. It will be sufficient if, in the light of the description given in the patent, an expert in the matter - this being the meaning to be attached to the expression "person skilled in the art" appearing in Article 13 - can carry out the invention, even if he does not do so in the most efficient way;

- (c) if the claims of the patent fail to define the protection sought. Here it is not a matter of establishing if the claims in the patent are absolutely exact and cover, to the letter, the protection sought. In all respects, they must be interpreted in the light of the description and of the drawings of the patent, if any, as indicated in Article 23. It will, however, always be necessary for the claims so interpreted to provide a sufficient basis to enable the scope of the patent to be determined.

Paragraph 2 of Article 2 provides for the case of partial nullity of the patent. In this case, nullity will be declared in the form of a limitation of the claims. Certain claims can be declared to be completely null and void; others can be limited.

The provisions of paragraph 3 are of particular importance to developing countries whose legislation makes no provision for the preliminary examination of patent applications for novelty. These provisions confer upon the Court called upon to pronounce as to the nullity of a patent the power to require information as to the result of any such examination which a patent application or a patent for the same invention may have undergone in another country.

Article 46 : Article 46 deals with the effects of nullity (total or partial) of a patent.

SECTION XI : Infringement of Patent RightsArticles47 and 48

: These two Articles describe the civil and penal actions that can be taken by the owner of a patent in the event of the infringement of his rights. Procedure will naturally be regulated by the civil and penal codes, as the case may be.

Article 49

: The owner of a patent who alleges that his rights under the patent have been infringed or threatened with infringement must, especially in a civil action, prove that he is the owner of the patent, and that the rights which he owns, under Article 21 of the law, either in respect of the product in the case of a patent for a product, or to a process or the product resulting directly from the operation of the process in the case of a patent relating to a process, have been infringed, or threatened with infringement, by the defendant.

This proof will probably be simple in the case of products, since specimens of the product, manufactured or used by the defendant, can be submitted to the Court. It will generally be more difficult to prove that a patented process has been used by the defendant in his factory, to which neither the plaintiff nor the Court would have access. A procedure for establishing proof has not been prescribed, in view of the abuse to which it might readily be subject. On the other hand, in the case where the product resulting directly from the operation of a patented process was new at the date of the application for a patent, or at the date of priority validly invoked for such application, it is permissible to assume that the same product, manufactured by another person, would have been obtained by the same process.

Article 49 thus establishes a presumption in this respect, a presumption which will be useful if the patentee has not made, in his patent, claims for the new product itself, or has not been able to do so because the actual product was excluded from patentability (Article 5).

Article 50 : This Article makes it possible for the beneficiaries of contractual and compulsory licenses and licenses of right to undertake actions for infringement in their own names, if the owner of the patent, after formal request, fails to do so. This is a necessary protection for the licensee, without which he would be helpless against infringements of the patent capable of seriously impeding his own exploitation.

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SECOND PART: TECHNICAL KNOW-HOW

As already indicated above (cf. III. System covered by the draft model law), a legal regulation of the system of non-patented technical know-how is of special interest to industrially developing countries. The system proposed in the draft model law takes into consideration certain proposals of the International Chamber of Commerce, though these have been developed and amplified on several points.

The principles of this regulation are as follow:

1. Methods and data necessary or useful in the application or putting into practice of industrial techniques, if such techniques are neither patented nor kept secret, are at the free disposal of all (Article 51 (1)).
2. In order to attract investment into the country, it is, however, necessary that, among such methods and data, those which are secret should benefit from a certain protection against infringement of manufacturing secrets (Articles 51 (2) and 52).
3. Further, as in the case of patents and following similar procedure, it is necessary that unpatented methods and technical data, whether secret or not, be transferable or be the subject of license contracts. This is provided for in Article 53.

It is only in these conditions that the draft model law can meet practical needs since, in the majority of cases, license contracts cover both patents and "know-how" at the same time.

The draft model law accordingly provides, within certain limits, a protection of "know-how" which, as in the case of license contracts relating to patents, can similarly be subject

to the governmental control referred to in Article 31.

This regulation of license contracts relating to "know-how" is even more important than the actual protection granted in this field.

In effect, the protection is only concerned with manufacturing secrets and only protects them against certain unlawful acts (unlawful use, disclosure and communication) which acts, for the most part, would already be unlawful by virtue of civil law. In particular, this protection in no way restricts a person who uses, discloses or assigns "know-how" which he himself has created or developed independently, by his own means, or the use or disclosure of "know-how" if it has been published or made available to the public. In these cases there can clearly be no violation of a manufacturing secret.

Technical know-how is regulated by Articles 51 to 54, in accordance with the foregoing general principles.

Article 51 first sets out the principle that, subject to the rights conferred by any existing patents, methods and data necessary or useful to the application or the putting into practice of industrial techniques are within the public domain (paragraph 1). Then, in derogation of this principle, it provides that, among these methods and data, those which are secret in character are protected against unlawful use, disclosure or communication by third parties. It will still be necessary for any person who wishes to preserve secrecy to take the necessary steps to prevent disclosure (paragraph 2). Article 51 accordingly institutes a limited protection of "know-how" and specifies the conditions of such protection.

Article 52 indicates what is to be understood by unlawful use, disclosure or communication.

Article 53 regulates the conditions under which "know-how",

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whether secret or not, can be transferred or form the subject of license contracts.

Finally, Article 54 provides, on both a civil and penal basis, for the repression of unlawful acts which infringe "know-how".

THIRD PART: PROCEDURAL PROVISIONS AND REGULATIONS

Article 55 : This Article does not call for any special observations. As is normally the case, it is the civil courts which will be competent to hear all litigation concerning the application of the law, even in the case of penal proceedings, with a view to avoiding conflicting decisions relating to the same patent. Naturally, the procedure will be governed by the relevant Code, particularly as regards the conditions under which the judgements of the civil courts will be subject to appeal, annulment or revision.

Article 56 : This Article, which is purely formal, calls for no comment.

ANNEX ADRAFT SECTION ON INVENTORS' CERTIFICATESI. Ideas underlying the draft Section

It has been shown, at the beginning of the present commentary, that the draft model law proposed certain variants within the framework of its general system for the protection of inventions and technical know-how. One of these variants would enable the protection of inventions to be effected, at the choice of the inventor, either by a patent or by an inventor's certificate. This latter expression would seem preferable to the expression "authors' certificates", which is used in the legislation of certain socialist countries, and which can give rise to confusion with concepts appropriate to the field of literary and artistic property.

As in the case of patents, an inventor's certificate is a title to the protection of an invention. But, in essence, it differs from a patent in the following respects:

- (1) The inventor, in applying for an inventor's certificate instead of a patent, abandons to the State his monopoly to exploit his invention.
- (2) The State is required to examine the possibilities of the exploitation of the invention and to exploit it to the fullest possible extent. This is one of the cardinal features of the system of inventors' certificates. It can be to the advantage of the inventor that the State, with all its resources, should study the possibilities of exploitation of the invention, and so free the inventor from this task. It is equally important for the State that useful inventions should be exploited to the fullest extent desirable, which the inventor himself is not

always in a position to ensure.

(3) The inventor retains the right to require the State to fulfil the obligations which are incumbent upon it, mentioned under (2) above. For its part, the State can require the inventor to lend his assistance to this end.

(4) When the invention is effectively exploited, the inventor will receive adequate financial compensation, according to the exploitation of the invention, as well as certain other advantages.

In the socialist countries, compensation is, as a general rule, calculated on the basis of the savings that State enterprises, or the State itself, will realize by means of the invention. Other advantages which the inventor might enjoy are, for example, tax remissions, awards paid by the enterprises which exploit the invention, the right to occupy additional living space, priority of appointment to important posts, study grants, or visits to holiday centres.

(5) The inventor who elects to be protected by an inventor's certificate rather than by a patent incurs no expense. The grant of the certificate is exempt from all fees.

(6) On the basis that the inventor only assigns to the State his monopoly to exploit the invention, all the usual provisions regarding patents which are not directly affected by this assignment remain unchanged. This is particularly the case as regards the definition of inventions which are capable of being protected, and recognition of the status of author of the invention.

II. The Articles of the draft Section

The foregoing general commentary is amplified by the following explanations in respect of each of the proposed Articles in the draft of the Section relating to inventors' certificates:

- Article I : This Article establishes the principle that the title of protection, instead of being a patent, is an inventor's certificate, provided the inventor assigns to the State the right to exploit his invention. The inventor's certificate, like the patent, is granted by the Patent Office to the inventor or to his successor in title.
- Article II : In the system of inventors' certificates, the inventor is not subject to any expense. This Article does not call for any special observations.
- Article III : This Article constitutes, to some extent, the corner-stone of the system of inventors' certificates. The State is required to study the possibilities of exploitation of the invention, and to do so in its own interests as well as those of the inventor. Equally, it must exploit the invention "so far as possible", that is, if exploitation is possible, and also profitable, it must be to the full extent, only limited by the productive capacity of the enterprises of the country or its plan of economic development. According to circumstances, the State alone will exploit the invention or will authorize one or more organisations or enterprises to do so.

- Article IV : This Article recites the rights and obligations of the owner of the inventor's certificate in relation to his cooperation with the State, the State being required to study the possibilities of exploitation of the invention and, where fitting, to carry out such exploitation.
- Article V : In return for the assignment to the State of his right of exploitation, the inventor receives an adequate compensation from the State, commensurate with the extent of the exploitation of the invention, as well as certain other advantages, such as those already mentioned above. The method of calculating this compensation and the other advantages to which owners of inventors' certificates are entitled should be known in advance by inventors. They should be fixed by regulation.
- Article VI : This Article of Annex A corresponds, as regards inventors' certificates, to the provisions which, by Articles 47 and 48 of the law, apply to the infringement of patent rights.
- Article VII : The provisions of the law which apply to patents and which are not affected by the Articles of Annex A governing inventors' certificates apply, by analogy, to the latter. Article VII indicates what these provisions are.

ANNEX BDRAFT SECTION ON CONFIRMATION PATENTSI. Ideas underlying the draft Section

Confirmation patents have been mentioned in the second part of the commentary on the draft law dealing with general considerations in respect of systems of protection of inventions susceptible of being put into effect profitably in developing countries.

This is a category of patents already known in certain countries, particularly in Latin America, under the name of "patents of importation" or "patents of introduction". But as these patents are always linked to basic foreign patents, so confirming their value, it would seem preferable to designate them in the draft under the name of "confirmation patents".

The justification for these confirmation patents is as follows:

It can happen that an inventor who is the owner of a patent in country A, and who has not seen fit to apply for a patent for the same invention in country B, subsequently recognizes the interest which exploitation of his invention might have in the latter country, not only for himself, but also, and particularly, for the economic development of that country.

If country B is a party to the Paris Convention for the Protection of Industrial Property, and the priority period of twelve months from the date of filing of the application for the patent in country A, as provided for in Article 4 of this Convention, has expired, the invention in question can no

longer be patented in country B, due solely to the fact of publication of the patent in country A, even if the invention has not been disclosed in any other manner.

If country B is not a party to the Paris Convention, and does not recognize any right of priority as a consequence of any other provision applicable within its territory, it is as from the date of the publication of the patent in country A, or the disclosure of the invention by any other means in that country, that the invention, having lost its character of novelty, can no longer be the subject of a patent in country B.

If, however, it is admitted that exploitation of the invention in country B, on a scale which is sufficiently wide to produce favourable effects upon the economy of this country, can only be secured under the guarantee of the patent, it becomes necessary to propose a patent of a special type, and this will be the confirmation patent, particulars of which are as follow:

- (1) The confirmation patent must, by definition, be linked to a patent which is in force abroad.
- (2) The criterion of novelty applicable to a confirmation patent will be different, in two respects, from that which, within the meaning of Article 2 of the model law, applies to ordinary patents.

On the one hand, novelty will be assessed territorially, taking into account only such disclosure of the invention as may have occurred in the country itself, and not abroad. On the other hand, the notion of disclosure will have a more restricted scope in the sense that the fact that official publications in country A, publishing the invention in accordance with the laws and regulations of that country, although accessible to the public in country B, will not be considered

as disclosure in that country.

(3) As the principal purpose of a confirmation patent is to contribute to the economic development of the country in which it is granted, one of the conditions of the validity of such a patent is that it should be effectively exploited.

(4) Since the rules governing confirmation patents depart upon very important points from those governing ordinary patents, it is necessary to restrict the grant of confirmation patents to cases in which the invention to which it is to be applied is of special interest to the economic and industrial development of the country.

(5) Finally, it is necessary to avoid injury to the owner of the basic patent by the grant of a confirmation patent to any person who might be interested in obtaining it. Accordingly, it is necessary to provide that the confirmation patent shall only be granted to the owner of the basic patent or to his successor in title.

It is in the application of these general principles that the various Articles of the draft Section relating to confirmation patents have been conceived.

II. The Articles of the draft Section

Article I : Article I indicates to whom the confirmation patent can be granted by the Patent Office. It specifies that this person must be the inventor or his successor in title, and that the patent must be in respect of an invention which is the subject of a patent in force in another country.

This provision does not destroy the legal fiction established by Article 8 of the model law relating to ordinary patents, by which the first person who deposits a patent application is considered to be the inventor or his successor in title. The confirmation patent must, in effect, be granted to the owner of the basic foreign patent, and the provisions of the aforesaid Article 8 apply.

It is specified that the foreign patent upon which the confirmation patent is based must be in force at the time of the application for the confirmation patent. This is one of the conditions of the validity of the latter.

Article I proceeds to indicate that the confirmation patent can only be granted if the invention has neither been exploited nor disclosed by other means in the country where the confirmation patent is sought.

On the other hand, exploitation or disclosure in the foreign country does not destroy the novelty of the invention.

Accordingly, from the territorial point of view, it is the criterion of relative novelty, and not that of absolute novelty, which applies to a confirmation patent.

Article II : This criterion of relative novelty from the territorial point of view is, however, not even applied to its full extent to inventions forming the subject of confirmation patents.

Article II provides, in effect, that the fact that official publications of the foreign country, publishing the invention in conformity with the laws and regulations relating to industrial property in that country have, before the date of application for the confirmation patent, been made available to the public in the country where the confirmation patent is sought, shall not be considered as disclosure of the invention.

Thus, confirmation patents benefit, as regards the application of the criterion of novelty, from a treatment which is especially favourable by comparison with that to which ordinary patents are subjected.

Article III : It is for this reason that Article III strictly limits the cases in which a confirmation patent can be granted. It is necessary for the grant to be justified by the importance of the invention, the industrial or agricultural benefits and the value to the public of its exploitation, as well as by the amount of capital to be invested. These points will not be left entirely to the consideration of the Patent Office. A Commission, whose composition will be fixed by regulation, will decide these questions, according to a procedure that will also be prescribed by regulation.

Article IV : Article IV indicates the Articles of the model law which will remain applicable to confirmation patents. Certain of these Articles can only be applied to such patents subject to amendment and additions. This is so in regard to Article 21, which, among the rights

conferred by the patent, cites the right of importation. Now, the special regime accorded to confirmation patents has the object of developing the national economy by the exploitation, under cover of a special patent, of inventions which, under other conditions, could not have been exploited within the country to the fullest extent desirable. It would thus be contrary to the basic principle of a confirmation patent to permit its owner to import the article which it covers, or, in the case of a patent relating to a process, the product directly resulting from the carrying out of the patented process, instead of requiring him to proceed with the exploitation of the patent in the country concerned.

Accordingly, the owner of the confirmation patent would not, as regards such a patent, have the right of importation, but he must be able to oppose any importation by third parties. This is provided by Article IV(2)(a). Exception is made in the case of model or prototype products not intended for sale.

Article 15 of the model law, which relates to the right of priority, would not be capable of application to confirmation patents, since during the period of priority a normal patent could be applied for on the basis of the application made in the country of origin, and there is accordingly no need to have recourse to a special confirmation patent. In effect, during this period it is not necessary to make provision for any amendment of the criterion of novelty which applies to normal patents, since acts of exploitation or acts of disclosure that may have occurred, not only do not affect the novelty of the invention, but cannot even give rise to any third party right or right of personal possession.

Thus, Article 15 of the model law could not apply in its entirety to confirmation patents, but certain of its provisions can, however, operate as a complement to those

of Article 12. These provisions are those by which the applicant for a patent is required to indicate in his application the number, date and country of grant of the foreign patent which forms the basis of his application. This is the effect of paragraph (b) of Article IV.

Article V : Article V fixes the term of a confirmation patent, which is limited to ten years. A shorter term would not be justified. It is, in fact desirable to allow the owner of the patent sufficient time to prepare for the exploitation of his invention in the country, and for such exploitation to produce its favourable effects on the national economy. On the other hand, a longer term would be questionable, in view of the fact that the character of a confirmation patent is derogatory to the general rights in patents (paragraph (1)). It is understood that the confirmation patent can lapse before the expiration of this term of ten years if the annual fees are not paid (paragraph (2)).

Article VI : Finally, Article VI deals with the case of nullity of confirmation patents, the Court being able to declare a patent null and void at the request of any interested party.

The Article deals, clearly, first under paragraph (1) with cases of nullity applying to all patents and, consequently, to confirmation patents, and further specifies the provisions which apply to such latter patents only.

The first are those mentioned under heading (1), paragraphs (a), (b) and (c).

The second, which arise from the actual definition of the confirmation patent, are three in number:

(1) The confirmation patent, since it can only be granted on the basis of a patent in force abroad, will be annulled if the foreign patent is itself annulled, or if it expires before the date of grant of the confirmation patent (d).

(2) Since the confirmation patent was granted for the sole purpose of effective exploitation of the invention within the country, it will be annulled if this exploitation is not realised. It is normal for a certain period of time to be granted to the owners of a confirmation patent in which to achieve this exploitation, but the period must be strictly limited. Article VI fixes this period at a maximum of one year. Once this period has elapsed, the patent will be annulled if the invention concerned has not been exploited. It will also be annulled if exploitation should subsequently cease for a period exceeding one year (e).

(3) Since the owner of a confirmation patent does not possess the right to import, or cause to be imported, the product which is the subject of the patent, or which results directly from the carrying out of a patented process, apart from model or prototype products not intended for sale, the confirmation patent will be annulled if this provision is not observed.

Importation of the product by the owner of the patent being strictly excluded, annulment will be declared, even if such importation were additional to exploitation of the invention within the country (f).

Finally, under paragraph (2), Article 6 recalls, in connection with the subject of the nullity of a confirmation patent, the provisions of Article 45 (2) and Article 46 of the law, which are applicable to all patents, and therefore equally to confirmation patents.

BIRPI

UNITED INTERNATIONAL BUREAU
FOR THE PROTECTION OF INTELLECTUAL PROPERTY
GENEVA, SWITZERLAND

COMMITTEE OF EXPERTS TO STUDY A MODEL LAW FOR DEVELOPING COUNTRIES ON INVENTIONS AND TECHNICAL KNOW-HOW

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DRAFT MODEL LAW
ON
INVENTIONS AND TECHNICAL KNOW-HOW

- Working Document -

FIRST PART - PATENTS

Section I : General Provisions

Article 1

Patentable Inventions

(1) There may be protected by a patent any invention which is new, results from inventive activity, and is susceptible of industrial application.

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

Article 2

Novelty

(1) An invention shall be considered to be 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 by means of 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.

Article 3

Inventive Activity

An invention shall be considered as resulting from inventive activity if it is not obvious, having regard to the state of the art.

Article 4

Industrial Application

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

Article 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 micro-biological processes and the products thereof;
- (b) inventions the publication or exploitation of which would be contrary to morality or public order, provided that the exploitation of an invention shall not be considered as contrary to public order or morality merely because it is prohibited by law or regulation.

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Article 6

Applicability of International Conventions

The relevant provisions of international conventions to which [the country_] is a party, regulating 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.

Article 7

Rights of Foreigners

Subject to reciprocity, foreigners who do not fall within the scope of the preceding Article shall have the same rights as nationals.

Section II : Right to a Patent

Article 8

Right to Grant of Patent

- (1) 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 apply for a patent or is the first validly to claim priority for an application for the same invention, shall, subject to the provisions of Articles 9

and 10 of the present Law, be deemed to be the inventor or successor in title of the inventor.

Article 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 obtaining may require that the application, or the patent granted in respect of the application, be transferred to him.

Article 10

Inventions by Agents or by Employees

Subject to the legal provisions governing agency or employment contracts, and in the absence of contractual provisions to the contrary, the right to a patent in respect of an invention made as the result of an order, or by an employee within the field of his employment, shall belong to the person who gave the order, or to the employer.

Article 11

Right of Inventor to be Named as Such

The inventor shall be entitled to be named as such in the patent.

Section III : Grant of Patent

Article 12

Terms of Application

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

- (a) a description of the invention with the drawings, if any, referred to therein;
- (b) one or more claims defining the protection sought.

(2) If the application is made through an agent, it shall be accompanied by a signed power of attorney.

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

Article 13

Contents of Description

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

Article 14

Single Invention

The application for a patent may relate to only one invention.

Article 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 maximum period of three months from the date of the later application, a copy of the earlier application, certified as

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correct by the Administration of the country where it was made.

Article 16

Payment of Fees

No application for a patent shall be accepted unless the fee prescribed by regulation has been paid.

Article 17

Examination of Application
as to Form

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

(2) If the provisions of Articles 12, 14, or 16, have not been complied with, no patent shall be granted; if the provisions of Article 15 have not been complied with, the Office shall not mention in the patent the priority claimed.

Article 18

Grant of Patent Without Guarantee

Where the application has been made in the prescribed manner, a patent shall be granted without further preliminary examination, at the risk of the applicant, and without guarantee as to compliance with the provisions of Articles 1 and 13.

Article 19

Registration of Patents
and Acts Relating Thereto

The Patent Office shall maintain a register in which shall be recorded all patents granted, numbered in the order of their grant, and, for each patent where applicable, its expiry by reason of non-payment of annual fees and all transactions made

by virtue of the present Law.

Article 20

Publication of Patents

(1) The Patent Office shall publish so soon as possible patents granted in the order of their grant, mentioning, for each patent, its number, its owner, the dates of the application, of the grant and, if applicable, of the recognized priority, and the contents of the claims.

(2) Patents granted containing, apart from the items mentioned in paragraph (1), a description and drawings if any, accompanying the application, may be consulted free of charge at the Patent Office and any person may obtain copies thereof at his own expense.

Section IV : Rights Conferred by the Patent

Article 21

Nature of Rights Conferred

A patent shall confer upon its owner the exclusive right :

- (a) to make, as well as to use, put on the market, offer for sale, import, or stock for the latter purposes, the product which forms the subject of the patented invention,
- (b) to employ, put on the market, or offer for sale, the process which forms the subject of the patented invention, as well as to use or put on the market, offer for sale, import, or stock for the latter purposes, the product directly resulting from the carrying out of the process, provided that the product is not a plant variety or an animal breed.

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Article 22

Limitation of Patent Rights

(1) The rights under a patent shall only extend to acts undertaken for industrial or commercial purposes and not to acts undertaken for private or experimental 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 put on the market.

Article 23

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.

Article 24

Rights Derived from Prior Use

Any person who, at the time of the application for a patent, or at the date of priority validly claimed in respect of such application, was, in good faith, manufacturing the product or using the process constituting the subject of the patented invention, shall, despite the patent, have the right to continue such acts. This right is only transferable with the undertaking which is the owner of the right.

Section V : Terms of Patent; Fees

Article 25

(1) Subject to Articles 44 to 46 and the payment of the annual fees to be fixed by regulation, a patent shall expire at the end of the twentieth year from the date of the filing of the application.

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

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

Section VI : Assignment and Transmission of
Patent Applications and Patents

Article 26

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

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

(3) Assignments or transmissions by succession of patent applications and patents may be registered in the Patent Office, such registration requiring the payment of a fee fixed by regulation; assignment or transmission by succession shall have no effect against third parties until after its registration.

Section VII : Contractual Licenses

Article 27

License Contract

(1) The applicant or owner of the 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 requires the signatures of the contracting parties.

(3) Any license contract may be registered in the Patent Office, subject to a fee fixed by regulation; the license shall have no effect against third parties until after such registration.

Article 28

Right of Licensor to Grant Further Licenses

Unless the license contract provides otherwise, the grant of a license shall not exclude the possibility of granting licenses to other persons to exploit the same invention, nor the possibility of exploiting the same invention by the owner of the patent.

Article 29

Rights of Licensee

In the absence of any contrary provision in the license contract, the licensee shall be entitled to exploit the invention in its entirety, and for the whole duration of the patent.

Article 30

Non-Assignability of Licenses

Unless the license contract provides otherwise, a

license shall not be assignable to third parties, even in the form of a sub-license.

Article 31

Contracts Concluded with Foreigners

(1) The Minister responsible for industrial property may, by decree, provide that, on pain of invalidity, license contracts, or certain categories of them, concluded with a foreigner or a foreign undertaking, and renewals or amendments of such contracts, require the approval of

(2) Approval shall be given if the contract :

- (a) contributes, directly or indirectly, to the industrial development of the country,
- (b) does not unjustifiably harm the balance of payments of the country.

(3) On the other hand, approval shall not be given :

- (a) if any provision of the contract is contrary to the laws and regulations in force,
- (b) if the conclusion, the renewal, or the amendment, of the contract was obtained by fraud or illegal pressure.

Article 32

Invalid Clauses in License Contracts

(1) Clauses in license contracts shall be null and void in so far as they impose upon the licensee limitations in the commercial or industrial field, if such limitations exceed the scope of the rights conferred by the patent.

(2) The following shall not be deemed to constitute such limitations :

- (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 that the subject of the patent be exploited in a technically flawless manner,
- (c) the obligation imposed upon the licensee to abstain from all acts liable to impede or prevent the grant of the patent or to prejudice the validity thereof.

Section VIII : Compulsory Licenses

Article 33

Compulsory Licenses for Non-Working or Insufficient Working

(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, whichever period last expires, any person interested may, in accordance with the conditions specified in Article 42, apply for the grant of a compulsory license upon one or more of the following grounds :

- (a) that the patented invention, capable of being commercially worked within the country, is not being so worked to a sufficient extent;
- (b) that the demand for the patented article, within the country, is not being met on reasonable terms;
- (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 patentee to

grant licenses on reasonable terms :

- (i) a substantial market for the export of the patented article, manufactured within the country, is not being supplied; or
 - (ii) the establishment or development of commercial or industrial activities within the country is unfairly and substantially prejudiced;
- (e) that, by reason of conditions imposed by the patentee upon the grant of licenses, or upon the purchase, hire or use of the patented article or process, the manufacture, use or sale of materials not protected by the patent, or the establishment or development of commercial or industrial activities within the country, are unfairly and substantially prejudiced.

(2) A compulsory license shall not be granted if the patentee justifies himself by legitimate reasons. Importation shall not constitute a legitimate reason.

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

Article 34

Compulsory Licenses Based Upon Inter-Dependence of Patents

(1) If an invention protected by a patent within the country cannot be worked without infringing rights attaching to an earlier patent, a compulsory license may, upon application, be granted under the conditions specified in Article 42, to the owner of the later patent, to the extent necessary for the

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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 owner of the earlier patent, if he so requests.

Article 35

Refusal of Contractual License

Any person who applies for a compulsory license under Articles 33 and 34 must furnish evidence showing that he has previously approached the owner of the patent, and was unable to obtain a contractual license from him on reasonable terms.

Article 36

Guarantees Required from Applicant

A compulsory license in accordance with Article 32 can only be granted to an applicant who offers sufficient guarantees to assure working capable of remedying the deficiencies which gave rise to the grant of the compulsory license.

Article 37

Scope of Compulsory License

- (1) Compulsory licenses shall be non-exclusive.
- (2) Any compulsory license may contain restrictions and be subject to conditions.

Article 38

Assignment of Compulsory License

(1) A compulsory license cannot be assigned, even in the form of the grant of a sub-license, except with the portion of the undertaking using the license.

(2) Any such assignment shall, on pain of invalidity, be submitted for authorization to the Authority which granted the license.

Article 39

Compensation

A compulsory license can only be granted subject to the payment of adequate royalties determined by the extent to which the invention is worked.

Article 40

Registration of License at Patent Office

Every compulsory license may, at the request of the interested party, be registered at the Patent Office, upon payment of a fee fixed by regulation. The license shall have no effect against third parties until after such registration.

Article 41

Cancellation and Amendment of Compulsory License

(1) Upon the request of the owner of the patent, a compulsory license shall be cancelled by the Authority which granted it :

(a) if the conditions which justified the grant of the

compulsory license have ceased to exist; in this event, a reasonable period may be granted to the holder of the compulsory license in which to cease all working, if immediate cessation would cause particularly serious injury to him;

- (b) if the holder of the compulsory license fails to satisfy the prescribed conditions.

(2) Upon the request of the owner of the patent or of the holder of the compulsory license, the conditions of the license may be amended by the Authority which granted it, when new facts so justify, including in particular the grant by the owner of the patent of contractual licenses upon more favourable terms to licensees.

(3) Articles 40 and 42 shall apply to the cancellation and amendment of compulsory licenses.

Article 42

Procedure

(1) The application for a compulsory license under a patent, supported by the evidence required by Article 35, shall be made to the Civil Court.

The Court shall summon the applicant and the patentee, or their representatives, and shall hear them if they respond to the summons. It shall seek the opinion of the Minister responsible for industrial property, who may delegate a representative to intervene at the hearing, and to make any observations that may be useful.

(2) If the Court grants the compulsory license, it shall fix the conditions thereof, particularly as regards its duration and, in the absence of agreement between the parties, the amount of royalties payable to the patentee.

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

(4) The provisions of paragraphs (1) to (3) shall apply in the case of any assignment of a compulsory license under a patent.

Section IX : Licenses of Right

Article 43

(1) Any applicant for or owner of a patent may apply to the Patent Office to have, in respect of his patent, the mention "licenses of right" inscribed in the register; this fact shall be published by the Patent Office so soon as possible.

(2) The inscription of this note in the register shall entitle any person, at any time, to obtain a license to exploit the said patent upon such terms as may, in the absence of agreement, be fixed by the Civil Court.

(3) The amount of fees and annual fees payable in respect of patents shall be reduced by one half in the case of any patent in respect of which the mention "licenses of right" has been inscribed in the register.

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

(5) The provisions of Article 27, paragraphs (2) and (3), and of Articles 28, 29, 30, 31, and 32 shall apply equally to licenses of right.

Section X : Surrender and NullityArticle 44

Surrender of Patent

- (1) A patent can be surrendered by its owner by written declaration addressed to the Patent Office.
- (2) The surrender can be limited to one or more claims of the patent.
- (3) The surrender shall be immediately registered and published by the Patent Office.
- (4) If a contractual license is registered at the Patent Office, surrender of the patent will only be registered upon the submission of declarations by which the registered licensees consent to the registration of such surrender.

Article 45

Nullity of Patent

- (1) A patent shall be declared null and void by the Civil Court on the application of an interested party :
 - (a) if the subject-matter of the patent was not patentable within the terms of Articles 1 to 5 of the present Law,
 - (b) if the description of the invention does not satisfy the requirements of Article 13, or if the claims of the patent do not define the protection sought,
 - (c) if for the same invention a patent has been granted in the country on the basis of an application prior in date or benefiting from an earlier priority.
- (2) If the patent is only partially affected by the provisions of the preceding paragraph, nullity shall be declared

in the form of a corresponding limitation of the claims of the patent.

(3) The Court may require the 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 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 owner of the patent or his predecessor in title by a governmental or intergovernmental search institute.

Article 46

Effects of Declaration of Nullity

(1) A patent declared to be null and void shall be deemed to be null and void from its commencement.

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

Section XI : Infringement of Patent Rights

Article 47

Civil Sanctions

(1) The owner of a patent whose rights under the patent 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 his rights, the owner of the

patent may also claim damages and the application of any other sanction which the civil law permits.

Article 48

Penal Sanctions

(1) Every intentional infringement of any right under a patent constitutes an offence.

(2) Such offence shall be punishable by a fine of or by imprisonment for months.

(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 for another infringement of a patent.

Article 49

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 deemed to be manufactured by the same process.

Article 50

Legal Proceedings by Licensee

Any beneficiary of a contractual license, compulsory license or license of right may demand of the owner of the patent to undertake the legal proceedings necessary to obtain civil or penal sanctions for infringement of the patent. If the owner of the patent refuses or neglects to do so within two months of the demand, the licensee may undertake such proceedings in his own name.

SECOND PART - TECHNICAL KNOW-HOW

Article 51

Definition of Conditions of Protection

(1) Subject to any right conferred by patents in force, the methods and data which are necessary or useful in the application or the putting into practice of industrial techniques shall be in the public domain.

(2) Nevertheless, on condition that these methods and data have not been published or made available to the public, and that the person who has lawfully developed or acquired them has taken the necessary steps to prevent their disclosure, they shall be protected against unlawful use, disclosure or communication by third parties.

Article 52

Unlawful Acts

Any use, disclosure or communication, without the owner's consent, of the methods or data referred to in paragraph (1) of Article 51 by any person who is aware of their secret character, as referred to in paragraph (2) of the aforesaid Article, or who could not fail to be aware of such character, shall be deemed to be unlawful.

Article 53

Transfers and Licenses

(1) Methods and data referred to in Article 51, paragraphs (1) and (2), may be transferred and may form the subject of a license contract.

(2) Article 27, paragraphs (1) and (2), and Articles 28, 29

30, 31, and 32 (except paragraph (2)(c)), shall be applicable by analogy.

Article 54

Legal Proceedings

Articles 47 and 48 of the present Law shall be applicable by analogy in the case of unlawful acts relating to technical know-how.

THIRD PART - PROCEDURAL PROVISIONS AND REGULATIONS

Article 55

Competence of Civil Courts

(1) Civil Courts are competent to deal with all litigation concerning the application of the present Law, particularly as regards rights to patents, license contracts, the grant, amendment and cancellation of compulsory licenses, the fixing of royalties relating thereto, the fixing of the conditions 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 patentee or, if he is domiciled abroad, the Civil Court of, shall be competent.

Article 56

Regulations

The measures referred to in Article 12, paragraph (3), Article 25, paragraphs (1) and (2), Article 27, paragraph (3), and Article 40, shall be included in regulations concerning the application of the present Law.

ANNEX ADRAFT SECTION
ON INVENTORS' CERTIFICATESArticle I

An inventor's certificate may be granted by the Patent Office to the inventor or his successor in title who accepts that the right to exploit his invention should belong to the State.

Article II

The grant of an inventor's certificate is exempt from fees.

Article III

(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 organisations, and to exploit it so far as possible.

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

Article IV

(1) The owner 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.

Article V

The owner of an inventor's certificate for an invention to be exploited in State undertakings or organisations or, by virtue of an authority from the State, by other persons or undertakings, has the right to receive from the State adequate compensation commensurate with the extent of the exploitation of the invention as well as other benefits to be fixed by regulation.

Article VI

(1) Unauthorized assumption of the title of inventor or co-inventor, the attributing of the title of co-inventor to persons who have not taken a creative part in an invention, the disclosure of the essential elements of an invention before the inventor has applied for a patent or inventor's certificate or given his authority, shall be punished by a maximum fine of or a maximum term of imprisonment of

(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 paragraph (1) above.

Article VII

Articles 1 to 15, 17 to 20, 24, 26, 44 (except paragraph (4)), 45, 46, and 55 of the Law shall be applicable by analogy.

ANNEX BDRAFT SECTION
ON CONFIRMATION PATENTSArticle I

A confirmation patent may be granted to an inventor or his successor in title for any invention which is the subject of a patent in force in another country and which, before the date of the application for the confirmation patent, has been neither exploited nor disclosed in the country where the latter patent is applied for, subject to the provisions of Article II.

Article II

It shall not be considered as disclosure of the invention in the country where the confirmation patent is sought that official publications of the foreign country, publishing the invention in conformity with laws and regulations relating to industrial property in that country, have, before the date of application for the confirmation patent, been made available to the public in the country where the confirmation patent is sought.

Article III

A confirmation patent shall be granted only if the importance of the invention, the industrial or agricultural benefits and the value to the public of its exploitation, as well as the amount of capital to be invested, justify it. Decision on this question shall be made by a Commission whose composition shall be fixed by regulation.

Article IV

(1) Subject to the following amendments and additions, Article 1, paragraph (2), Articles 3 to 14, 16 to 24, 27 to 32, 34, 35, 37 to 42, 44, 47 to 50, and 55 of the Law, shall be applicable to confirmation patents.

(2)(a) Notwithstanding the provisions of Article 21 of the Law, the owner of a confirmation patent, while maintaining his exclusive right of importation as against third parties, shall not have the right to import, or cause to be imported, the product, the subject of the patent or a direct result of the carrying out of a patented process, with the exception of model or prototype products not intended for sale.

(b) In addition to the provisions of Article 12 of the Law, the applicant for a confirmation patent shall also indicate in his application the number, date and the country of grant of the foreign patent which forms the basis of the application.

Article V

(1) A confirmation patent shall expire, subject to Articles IV and VI, at the end of the tenth year from the date of the filing of the application and subject to the payment of annual fees fixed by regulation.

(2) Article 25, paragraphs (2) and (3), of the Law shall be applicable to confirmation patents.

Article VI

(1) A confirmation patent shall be declared null and void by the Civil Courts on the application of an interested party :

(a) if the subject-matter of the patent was not patentable within the terms of Article 1, paragraph (2), or Articles 3 to 5, of the Law;

(b) if the description of the invention does not satisfy the requirements of Article 13, or if the claims do not define the protection sought;

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

(d) if the foreign patent on which the confirmation patent is based has been declared null and void, or has expired, before the date of the grant of the confirmation patent;

(e) if the invention, the subject of the confirmation patent, is not effectively exploited within a period of one year from the date of the grant of the confirmation patent, or if effective exploitation subsequently ceases for a period exceeding one year.

(f) if the owner of the confirmation patent infringes the provisions of Article IV, paragraph (2)(a).

(2) Article 45, paragraph (2), and Article 46, are applicable to confirmation patents.

REPORT TO THE PRESIDENTS' CONFERENCE OF THE SPECIAL
COMMISSION ON THE DRAFT MODEL LAW OF BIRPI.

Mr. George Gansser - Switzerland
Mr. Stephen Ladas - United States
Mr. Jorge E. O'Farrel - Argentine
Mr. Christopher Robinson - Canada
(Chairman)

I. Opening Comments

In order to give some guidance to the representatives of AIPPI who will attend the Committee of Experts Meeting to be held in Geneva, from October 19th to 23rd, 1964, our Commission wishes to submit, at the outset, a few remarks on the principles underlying the BIRPI draft for a model law on inventions and technical know-how.

In our view the text of the draft has to be examined, together with the pertaining comments of BIRPI, in the light of the need prevailing in developing countries, taking also into account the conclusions of the UN Report number E/3861 of March 10th, 1964. The spirit of approach must thus be one of mutual understanding and international cooperation.

Whilst the draft is to be considered modern and flexible, and constituting a mosaic of existing laws and of provisions contained in the draft for a European Patent Law, the protection afforded to inventions definitely follow the traditional and proven system of the free world. Moreover it covers trade secrets (technical know-how) which are of outstanding importance for the industrial progress of development areas.

In order to convince developing countries to respect the model law when drafting their national laws, a system of contractual,

compulsory and other licences has been incorporated, many elements of which are known in existing legislation. This combined system involves some compromise in order to eliminate the risk of extreme and unfavourable solutions which could be taken in the absence of any BIRPI intervention.

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The most controversial issues are without doubt Article 31 and 32, not directly related to a patent and know-how law, as well as the draft section on inventors' certificates (Annex A). With both problems we specifically deal below.

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Some developing countries might think it desirable to permit patents on matters prohibited by paragraph (a), because, considering the present essentially agricultural economy of those countries, the granting of patents in these fields might attract investments from more developed countries, directed to the production of new plant or animal varieties. If this view were taken, an appropriate revision of Article 21 would be required.

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The Article does not make clear in line 4 the nature of the order contemplated, although the Commentary does so. We would suggest that after the word "order", on line 4, the words "to produce an embodiment of the invention" be added.

Articles 8 and 26

It might be found useful, if the civil law does not deal adequately with the question of joint ownership of intangible property, to include in the model patent law an Article as follows:

Article 26 A

Unless otherwise agreed between them, joint owners of a patent may transfer their interests and may exploit the patented invention independently of each other, but a licence under a jointly owned patent is effective only when all the owners join in its grant.

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The Article might usefully speak of "The actual inventor" to avoid confusion between that person and the person deemed to be the inventor in Article 8.

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The requirement that priority be claimed at the date of filing may be too rigid. We suggest a period of three months for filing the priority document.

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Article 22

We suggest that in paragraph 1 all the words after "commercial purposes" be eliminated, since they are not really necessary and could lead to substantial difficulties of interpretation.

In paragraph 2 we suggest the addition at the end of the paragraph of words "in this country", for purposes of clarification.

Article 27

Although the provision that a licence should be ineffective against third parties in the absence of registration is perhaps unusual, nevertheless the necessity of such a provision in the special circumstances of the countries for which the model law is designed, must be recognised.

Articles 31 and 32

It must be recognized that many developing countries may feel it necessary to have in their laws provisions of this kind, though some such countries might well conclude that any disadvantage resulting from the absence of such provisions would more than offset by the advantage of attracting more foreign investment as a result of allowing greater freedom of contract.

If such Articles are to be included in the legislation of developing countries, it seems to us that they should appear in a separate law and should not form part of a patent statute.

At any rate, we suggest that in Article 32 the words "in particular" be inserted after the words "The following", in order to make clear that paragraph (a), (b) and (c) are given only by way of example.

Article 33 (2)

In order to make quite clear that this paragraph refers to all the cases of paragraph 1, we suggest that it open with the words "in all of the above cases".

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It has been suggested that the model law should provide specifically against the granting of compulsory licences for importation. We think that this is the effect of the present model law, because the word "working" in line 3 of Article 36 is defined by Article 33 (3), as involving manufacture within the country.

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We suggest that the last phrase of this paragraph, after the word "justify" should be eliminated, because it is merely an example and could be taken as limitative.

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We suggest that at the end of the first sentence of the second paragraph the words "within a reasonable time" should be added. We suggest also that at the beginning of the second sentence of this paragraph the word "shall" should be replaced by "may", since consultation with the Minister should be a matter within the discretion of the Court.

Article 46 (1)

Such a provision is familiar in the law of many countries but in all these countries the jurisprudence is clear that nullity of a patent does not entail any obligation on the patentee to return royalties already received pursuant to the licence. Perhaps it would be useful to state this specifically in the model law.

Article 47

It has been suggested that an action for threatened infringement is unusual. However, such an action is well known at

least in those countries whose law has developed from British law and is, in fact, an extremely useful action for the patentee. It enables him to lock the stable door before the horse has left the stable.

Article 50

We suggest that this Article should provide that in any infringement action by the licensee the patentee should be joined either as plaintiff, if he is willing, or otherwise as a third party, because the presence of the patentee in any action concerning his patent appears to us necessary.

Article 51

The words "methods and data" appearing in paragraph (1), line 2, and paragraph (2), line 1, may not be wholly clear. We suggest that they be replaced by the language used in Article 4 (2) (ii) (b) of Regulation 17 of the Common Market, namely "manufacturing processes or knowledge relative to the use and application of industrial techniques".

As worded, paragraph (2) appears to put know-how in the public domain subject only to a condition. We suggest that in line 1 the word "to the extent" would be more appropriate than the words "on condition".

Article 53 (2)

It does not seem that any part of Article 32 is really appropriate to know-how; accordingly, reference to this Article should, we think, be omitted.

Annex A

The inclusion of this Annex must be recognised as being based primarily on general political considerations. Provisions for inventor's certificates may appear expedient to some developing countries with state controlled economies, notwithstanding that of the six countries which at one time had inventor's certificates, two, namely Hungary and Yugoslavia, have abandoned them. Even though the idea of such certificates may not appeal to many of us, we do not think that AIPPI, whose function of examination is essentially technical rather than political, should take any stand regarding this Annex.

Annex B

Since the whole idea of confirmation patents is to facilitate local production notwithstanding the existence of knowledge concerning the invention, we suggest that such patents should be barred only by local public use or sale, as is true of the laws of many of those countries which now provide for confirmation patents. Consequently, we suggest that the beginning of the last phrase of Article I, be amended to read "has not been exploited by public use or sale in the country".

If the suggestion for amendment of Article I is accepted, then the necessity of Article II disappears and this Article can be omitted.

The application of Article III would, in our view, present great administrative difficulties and uncertainties. Since the Article appears to have no counter-part in the legislation of those countries which have had a satisfactorily operating system of confirmation patents for many years, it does not appear to be a necessary element of such a system. We accordingly suggest the elimination of Article III and, consequently, of comment (4) on page 3 of the Draft Commentary on Annex B.

In Article VI (e) it seems to us that the period of one year in line 2 is too short. We suggest that it be changed to two years.

Annex A

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REPORT TO THE PRESIDENTS' CONFERENCE OF THE SPECIAL
COMMISSION ON THE DRAFT MODEL LAW OF BIRPI.

Mr. George Gansser - Switzerland
Mr. Stephen Ladas - United States
Mr. Jorge E. O'Farrel - Argentine
Mr. Christopher Robinson - Canada
(Chairman)

I. Opening Comments

In order to give some guidance to the representatives of AIPPI who will attend the Committee of Experts Meeting to be held in Geneva, from October 19th to 23rd, 1964, our Commission wishes to submit, at the outset, a few remarks on the principles underlying the BIRPI draft for a model law on inventions and technical know-how.

In our view the text of the draft has to be examined, together with the pertaining comments of BIRPI, in the light of the need prevailing in developing countries, taking also into account the conclusions of the UN Report number E/3861 of March 10th, 1964. The spirit of approach must thus be one of mutual understanding and international cooperation.

Whilst the draft is to be considered modern and flexible, and constituting a mosaic of existing laws and of provisions contained in the draft for a European Patent Law, the protection afforded to inventions definitely follow the traditional and proven system of the free world. Moreover it covers trade secrets (technical know-how) which are of outstanding importance for the industrial progress of development areas.

In order to convince developing countries to respect the model law when drafting their national laws, a system of contractual,

compulsory and other licences has been incorporated, many elements of which are known in existing legislation. This combined system involves some compromise in order to eliminate the risk of extreme and unfavourable solutions which could be taken in the absence of any BIRPI intervention.

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Japan

- Mr. Kosaku Yoshifuji, Director, 2nd Examination Division, Patent Office, Tokyo.
 Mr. Muneoki Date, Second Secretary, Permanent Delegation of Japan to International Organizations, Geneva.
 Mr. Hiroshi Iwata, Examiner, Patent Office, Tokyo.

Mexico

- Mr. Joaquin Mercado, Third Secretary, Permanent Delegation of Mexico, Geneva.

Monaco (Principality of)

- Mr. Jean-Marie Notari, Director of the Industrial Property Service, Monaco.

Netherlands

- Mr. C. J. de Haan, President of the Octrooiraad, The Hague.
 Mr. Willem M. J. C. Phaf, Head, Legislative and Legal Affairs, Ministry of Economic Affairs, The Hague.
 Mr. J. F. E. Breman, First Secretary, Permanent Delegation of the Netherlands, Geneva.

Norway

- Mr. Johan Helgeland, Director, Industrial Property Office, Oslo.
 Mr. Arne G. Modal, Chief of section, Industrial Property Office, Oslo.

Polish People's Republic

- Mr. Ignacy Czerwinski, Engineer, President, Patent Office, Warsaw.
 Mr. Bronislaw Bulwicki, Jurist, Patent Office, Warsaw.
 Mrs. Natalia Lissowska, Counsellor, Patent Office, Warsaw.

Portugal

- Mr. F. de Alcambar-Pereira, Permanent Representative of Portugal to International Organizations, Geneva.

Rumanian People's Republic

- Mr. Ion Anghel, Chief Legal Adviser, Ministry of Foreign Affairs, Bucarest.
 Mr. Sanislav Aurel, Third Secretary, Permanent Delegation of Rumania, Geneva.

Spain

- Mr. Antonio Fernandez-Mazarambroz, Chief, Industrial Property Registry Office, Madrid.

Sweden

- Mr. Torwald Hesser, Counsellor to the Court of Appeal, Ministry of Justice, Stockholm.
 Mr. Claës Uggla, Counsellor, National Patent Office, Stockholm.

Switzerland

- Mr. Hans Morf, Doctor at Law, Attorney, Former Director of the Federal Office of Intellectual Property, Berne.
 Mr. Joseph Voyame, Director, Federal Office of Intellectual Property, Berne.
 Mr. Rudolf Bühler, Division of International Organizations, Federal Political Department, Berne.

United Kingdom of Great Britain and Northern Ireland

- Mr. Gordon Grant, Comptroller-General of Patents, Designs and Trademarks, Industrial Property Department, Board of Trade, London.

- Mr. Ronald Bowen, Principal Examiner, Patent Office, London.

United States of America

- Mr. Edward J. Brenner, Commissioner of Patents, Washington, D. C.
 Mr. Horace B. Fay Jr., Assistant Commissioner, U. S. Patent Office, Washington, D. C.
 Mr. P. J. Federico, Examiner in Chief, Board of Appeals, U. S. Patent Office, Washington, D. C.
 Mr. George A. Tesoro, Counsellor, United States Mission to International Organizations, Geneva.
 Mr. Harvey J. Winter, Assistant Chief, International Business Practices Division, Department of State, Washington, D. C.

Upper Volta

- Mr. Martial Ouedraogo, Director of Economic Affairs, Ouagadougou.

Yugoslavia (Socialist Federal People's Republic of)

- Mr. Vladimir Savić, Engineer, Director, Patent Office, Belgrade.

II. BIRPI

- Professor G. H. C. Bodenhausen, Director.
 Dr. Arpad Bogsch, Deputy Director.
 Mr. Charles-L. Magnin, Deputy Director.
 Mr. Ross Woodley, Counsellor, Head of the Industrial Property Division.
 Mr. Vladimir Dolezil, Counsellor, Industrial Property Division.

III. Officers of the Session

- Chairman: Mr. Guillaume Finnis (France).
 Vice-Chairman: Mr. Torwald Hesser (Sweden).
 Vice-Chairman: Mr. Ignacy Czerwinski (Polish People's Republic).
 Secretary: Dr. Arpad Bogsch (BIRPI).

Committee of Experts to Study a Model Law for Developing Countries on Inventions and Technical Know-How

(Geneva, October 19 to 23, 1964)

Note

The Committee of Experts to Study Industrial Property Problems of Industrially Less Developed Countries, convened by BIRPI, which met from October 21 to 23, 1963, at Geneva, unanimously recommended "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" (Report of the Committee, published in *Industrial Property*, 1963, p. 234).

With the authorization of the competent organs of BIRPI, a draft model law and an accompanying explanatory statement were, in due course, prepared by BIRPI, and submitted

for examination and advice to a committee of experts bearing the title "Committee of Experts on a Draft Model Law for Developing Countries on the Protection of Inventions and Technical Know-How".

This Committee met, on the convocation of BIRPI, from October 19 to 23, 1964, in Geneva. It consisted of representatives of developing countries only. However, in June 1964, BIRPI communicated, for possible comments, the texts of the draft model law and explanatory statement to those countries Members of the International Union for the Protection of Industrial Property (Paris Union) which, not being "developing countries" in the sense given to this expression in United Nations circles, were not invited to the Committee. The Governments of some of these countries availed themselves of this opportunity to make comments. The same texts were also communicated, for comments, to the United Nations and six other international organizations which were all represented at the meeting of the Committee as observers, and which took an active part in the discussions of the Committee. The names of these organizations appear in the list of participants.

The countries represented at the meeting were the following: Algeria, Argentina, Ceylon, Chile, Colombia, Dominican Republic, El Salvador, Haiti, India, Indonesia, Iran, Israel, Kenya, Mexico, Nicaragua, Nigeria, Sierra Leone, Sudan, Tanganyika and Zanzibar, Thailand, Uganda, Venezuela.

The Committee worked under the chairmanship of Mr. E. M. Peltzer (Argentina). The three elected Vice-Chairmen were: Mr. A. Jogarao (India), Mr. B. Bendris (Algeria) and Mr. D. Macaulay (Sierra Leone).

The Committee examined, article by article, the draft model law. It expressed its views on possible improvements in both the draft law and the explanatory statement both of which, on the basis of this advice, are being reviewed by BIRPI. The new texts will probably be available early in 1965.

At the conclusion of its work, the Committee unanimously adopted a resolution whose full text is reproduced below.

Recommendation

of the Committee of Experts to study a Model Law for Developing Countries on Inventions and Technical Know-How

The Committee of Experts on a draft model law for developing countries on the protection of inventions and technical know-how, convened by the United International Bureaux for the Protection of Intellectual Property (BIRPI) and composed exclusively of representatives of Governments of developing countries¹⁾,

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

After having examined, together with the observers of international intergovernmental²⁾ and non-governmental³⁾ organizations, the draft model law and the explanatory statement accompanying it (documents PJ/34/2 and 3) prepared

¹⁾ Algeria, Argentina, Ceylon, Chile, Colombia, Dominican Republic, El Salvador, Haiti, India, Indonesia, Iran, Israel, Kenya, Mexico, Nicaragua, Nigeria, Sierra Leone, Sudan, Tanganyika and Zanzibar, Thailand, Uganda, Venezuela.

²⁾ United Nations, Council of Europe, International Patent Institute.

³⁾ Inter-American Association of Industrial Property, International Association for the Protection of Industrial Property, International Chamber of Commerce, International Federation of Patent Agents.

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 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 property⁴⁾.

LIST OF PARTICIPANTS

I. States

Algeria (Democratic and Popular Republic of)

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

Mrs. Sellami, Third 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, Trademarks and Designs, Colombo.

Chile

Mr. Santiago Larraguibel Zavala, Legal Adviser to the Department of Industry, Santiago.

⁴⁾ Unanimously adopted on October 23, 1964.

Colombia

Mr. Reinaldo Mosquera Guzman, Director of Industrial Property, Bogotá.

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.

Haiti

Mr. Jean L. Montes Boyer, Legal Adviser, Department of Commerce and Industry, Port-au-Prince.

India

Mr. A. Jogarao, Controller-General of Patents, Designs and Trademarks, Bombay.

Indonesia

Mr. Sugondo Sumodiredjo, 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 Trademarks, Jerusalem.

Kenya

Mr. D. J. Coward, Registrar-General, Nairobi.

Mexico

Mr. Joaquin Mercado, Third 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.

Tanganyika and Zanzibar (United Republic of)

Mr. D. J. A. Dowdall, Registrar-General, Registrar of Trademarks 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 Vilorio-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. Finnis, President of the IIB, The Hague.

Mr. Alfred van Aubel, Deputy Director of the IIB, The Hague.

Mr. Max Brunier, Administrator of the IIB, The Hague.

*(b) International Non-Governmental Organizations**Inter-American Association of Industrial Property (ASIPI)*

Mr. José Barrera-Moller, Lawyer, President of the ASIPI, Lima.

International Association for the Protection of Industrial Property (AIPPI)

Mr. Ernesto D. Aracama-Zorraquin, Lawyer, Professor of Law, Buenos Aires.

Mr. Stephen P. Ladas, Lawyer, Treasurer of AIPPI, New York.

International Chamber of Commerce (ICC)

Mr. Pierre-Jean Pointet, Professor, Zurich.

Mr. Stephen P. Ladas, Lawyer, Chairman of the Commission on Industrial Property of the ICC, New York.

International Federation of Patent Agents (FICPI)

Mr. Casimir Massalski, Patent Agent, Paris.

III. Bureau of the Committee

Chairman: Mr. Enrique Miguel Peltzer (Argentina).
 Vice-Chairman: Mr. Brahim Bendris (Democratic and Popular Republic of Algeria).
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IV. BIRPI

Professor G. H. C. Bodenhausen, Director.
 Dr. Arpad Bogsch, Deputy Director.
 Mr. Charles-L. Magnin, Deputy Director.
 Mr. R. Woodley, Counsellor, Head of Industrial Property Division.

LEGISLATION

IRELAND

Patents Act, 1964

An Act to make new provision in respect of patents and related matters in substitution for the provisions of the Industrial and Commercial Property (Protection) Act, 1927, relating to patents and of other enactments relating to patents, and to provide for other matters connected with the matters aforesaid

(Of June 24, 1964)

(Third Part)¹⁾

Provisions as to licences

40. — (1) Where the Controller is satisfied, on application made under the last foregoing section of this Act, that the manufacture, use or sale of materials not protected by the patent is unfairly prejudiced by reason of conditions imposed by the patentee upon the grant of licences under the patent, or upon the purchase, hire or use of the patented article or process, he may, subject to the provisions of that section, order the grant of licences under the patent to such customers of the applicant as he thinks fit as well as to the applicant.

(2) Where an application under the last foregoing section is made by a person being the holder of a licence under the patent, the Controller may, if he makes an order for the grant of a licence to the applicant, order the existing licence to be cancelled, or may, if he thinks fit, instead of making an order for the grant of a licence to the applicant, order the existing licence to be amended.

(3) Where on an application under the last foregoing section the Controller orders the grant of a licence, he may direct that the licence shall operate:

- (a) to deprive the patentee of any right which he may have as patentee to make, use, exercise or vend the invention or to grant licences under the patent;
- (b) to revoke all existing licences in respect of the invention.

(4) Subsection (4) of section 37 of this Act shall apply to a licence granted in pursuance of an order under the last foregoing section of this Act as it applies to a licence granted by virtue of the said section 37.

Endorsement, etc. on application of a Minister of State

41. — (1) At any time after the expiration of four years after the date of application for a patent or of three years from the date of the sealing of a patent, whichever is the later, any Minister of State may apply to the Controller upon any one or more of the grounds specified in section 39 of this Act for the endorsement of the patent with the words "licences of right" or for the grant to any person specified in the application of a licence under the patent; and the Controller may, if satisfied that any of those grounds are established, make an order in accordance with the application.

(2) Subsections (3) and (6) of section 39 of this Act and section 40 of this Act shall, so far as applicable, apply in relation to an application and an order under the last foregoing subsection as they apply in relation to an application and an order under the said section 39.

Inventions relating to food or medicine

42. — (1) Without prejudice to the foregoing provisions of this Act, where a patent is in force in respect of:

- (a) a substance capable of being used as food or medicine or in the production of food or medicine; or
- (b) a process for producing such a substance as aforesaid; or
- (c) any invention capable of being used as, or as part of a medical, surgical or other remedial device,

the Controller shall, on application made to him by any person interested, order the grant to the applicant of a licence under the patent on such terms as he thinks fit, unless it appears to him that, having regard to the desirability of encouraging inventors and the growth and development of industry and to such other matters as he considers relevant, there are good reasons for refusing the application.

(2) In settling the terms of licences under this section the Controller shall endeavour to secure that food, medicines and medical, surgical and other remedial devices shall be available to the public at the lowest prices consistent with the patentees' deriving a reasonable advantage from their patent rights.

(3) A licence granted under this section shall entitle the licensee to make, use, exercise and vend the invention as a food or medicine, or for the purpose of the production of food or medicine or as, or as part of, a medical, surgical or other remedial device, but for no other purposes.

Revocation of patent after grant of licence

43. — (1) Where an order for the grant of a licence under a patent has been made in pursuance of an applica-

¹⁾ See *Industrial Property*, 1964, pp. 188, 211.

COMITE D'EXPERTS POUR L'ETUDE D'UNE LOI-TYPE
 CONCERNANT LES INVENTIONS ET LES PERFECTIONNEMENTS TECHNIQUES
 POUR LES PAYS EN VOIE DE DEVELOPPEMENT

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