



REPUBLIC OF SOUTH AFRICA



Regional Seminar for Certain African Countries on the Implementation and Use of Several Patent-Related Flexibilities

Topic 10: The Use of Compulsory Licenses

**Durban, South Africa
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REGIONAL SEMINAR FOR CERTAIN AFRICAN COUNTRIES
ON THE IMPLEMENTATION AND USE OF SEVERAL
PATENTED-RELATED FLEXIBILITIES

WORLD INTELLECTUAL PROPERTY ORGANISATION
DEPARTMENT OF TRADE AND INDUSTRY DURBAN,
SOUTH AFRICA JANUARY 29 TO 31ST , 2013

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Sources

- Patents Act Cap 216 as amended by the Patents Amendment Act, 2002.
- Paris Convention, 1883
- WTO (TRIPS) 1994
- Common law and principles of equity

Licenses defined

A right given by some competent authority to do an act , which without such authority would be illegal.

Types of licenses(intellectual property)

- Voluntary (by agreement b/n owner and beneficiary)
- Compulsory licenses (granted by gov't)

Rights

- Voluntary license rights are contractual (by agreement)
- the beneficiary of a compulsory license has the right to perform acts covered by the exclusive right under an authorization given by a government authority against the will of the owner of the patent for invention.

Compulsory licenses

Genesis of compulsory licensing

- The desire to balance between the private rights (protection) and the public interests(usage).
- First envisaged in the Paris Convention, Article 5A (2)
 - Each ktry shall have the right to take legislative measures providing for grant of compulsory licensing to prevent abuses which might result from the exercise of the exclusive rights conferred by the patent...

Categories of compulsory licenses in Uganda

Generally two categories i.e.

- **In the event of abuse (Instigation by individual)**
any time after four years from the filing date of an application or three years from the grant of a patent, whichever period last expires, any person may, in proceedings instituted by him or her against the owner of the patent or in proceedings instituted against him or her by the owner request the court for the grant of a compulsory license on any of the following grounds—

- the patented invention, being capable of being worked in Uganda, has not been so worked;
- the existing degree of working of the patented invention does not meet on reasonable terms the demand for the patented product on the domestic market or for the purposes of exploitation;
- the working of the patented invention in Uganda is being hindered or prevented by the importation of the patented product; and
- by reason of the refusal of the owner of the patent to grant licenses on reasonable terms, the establishment or development of industrial or commercial activities in Uganda, or the possibilities of exportation from Uganda, are unfairly and substantially prejudiced.

Section 30 of the Patents Act Cap 216 as amended

In public interest (by Government or persons authorized).

(1) Where the Minister is of the opinion that it is in the vital public interest to do so, he or she, in consultation with the registrar, and without the authority of the owner of a patent, may direct that a patented invention be exploited by a Government agent or other person designated by the Minister.

Conditions before grant;

- (a) that the owner of the patent and any licensee has been given an opportunity to be heard before the direction is made; and
- (b) that the Government provides for the payment of adequate remuneration, as fixed by the registrar, to the owner.

Provided

the owner of any patent affected by any direction of the Minister may appeal to the High Court—

- ✓ against the direction of the Minister;
- ✓ against a decision of the registrar fixing the amount of remuneration

Note: an appeal shall not suspend the effect of the direction of the Minister.

Vital Public Interest defined

includes matters of paramount importance pertaining to national security, public health, public order and morality and the national economy.

- the Minister may consult with such technical experts in the particular field of the patented invention as may be necessary.

Section 29 of the Patents Act Cap 216 as amended


Compulsory licenses under the TRIPS

Article 31 of the TRIPS Agreement allows Members to authorize third persons to exploit a patented invention, even against the will of the patent owner,

Provided

- Authorization considered on its individual merits i.e. case by case basis.
- can only be granted if the proposed compulsory licensee has made efforts to obtain authorization from the right holder on reasonable commercial terms and conditions and if such efforts have not been successful within a reasonable period of time; **save in** cases of national emergency or other circumstances of extreme urgency, or in cases of public non-commercial use.

- scope and duration must be limited to the purpose for which it was authorized.
- Can only be granted for public non-commercial use, or to remedy a practice determined to be anti-competitive.
- must be non-exclusive.
- may not be assigned without that part of the enterprise or goodwill which produces the product under that license.
- ~~must be authorized predominantly for the supply of the domestic market of the Member that grants the license.~~ This was waived by the 30th August Ministerial conference in Doha 2001 but
 - importing country must take an application to WTO
 - Granted license must be limited to the amount necessary to meet the needs of the importing country.
 - Products should be distinguished by specific labeling and markings

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- must be liable to be terminated, subject to adequate protection of the legitimate interests of the compulsory licensee, if circumstances that justified its grant have ceased to exist and are unlikely to recur.
 - owner must be paid adequate remuneration in the circumstances of each case, taking into account the economic value of the allowed use.
 - The legal validity of any decision relating to the grant of a compulsory license must be subject to judicial review or other independent review by a distinct higher authority.
 - Any decision relating to the remuneration in respect of a compulsory license must be subject to judicial review or other independent review by a distinct higher authority.

Key considerations

- ✓ The need to correct anti-competitive practices may be taken into account in determining the amount of remuneration in such cases.
- ✓ The competent authority (of the member country) must have the power to refuse termination of a compulsory license if the conditions that justified its grant are likely to recur.
- ✓ In cases of dependency between two patents belonging to different owners, so that the later patent cannot be exploited without infringing the earlier patent, the following additional conditions must be applied:
 - ✓ The invention in the second patent must involve an important advance of considerable economic significance in relation to the invention claimed in the first patent
 - ✓ Owner of the first patent is entitled to a cross license on reasonable terms to use the invention claimed in the second patent
 - ✓ The use authorized in respect of the first patent may not be assigned except with assignment of the second patent
- ✓ The Agreement does not prescribe nor limit the grounds on which such authorizations may be granted.



THANK YOU
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