

# The Patents and Trade Marks (World Trade Organisation) Regulations 1999

*Made* 1st July 1999

*Laid before Parliament* 5th July 1999

*Coming into force* 29th July 1999

The Secretary of State, being a Minister designated<sup>(a)</sup> for the purposes of **section 2(2)** of the European Communities Act 1972<sup>(b)</sup> in relation to measures relating to patents and trade marks, in exercise of powers conferred by **section 2(2)** of the said Act of 1972, hereby makes the following Regulations:—

## PART I INTRODUCTORY PROVISIONS

### Citation and commencement

1.—(1) These Regulations may be cited as the Patents and Trade Marks (World Trade Organisation) Regulations 1999.

(2) These Regulations come into force on 29th July 1999.

### Interpretation

2. In these Regulations—

“the 1977 Act” means the Patents Act 1977<sup>(c)</sup>;

“the 1994 Act” means the Trade Marks Act 1994<sup>(d)</sup>;

“the 1995 rules” means the Patent Rules 1995<sup>(e)</sup>.

## PART II AMENDMENTS OF THE PATENTS ACT 1977

### Compulsory licences: general

3. For **section 48** of the 1977 Act substitute—

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<sup>(a)</sup> S.I. 1995/2983

<sup>(b)</sup> 1972 c. 68

<sup>(c)</sup> 1977 c. 37

<sup>(d)</sup> 1994 c. 26

<sup>(e)</sup> S.I. 1995/2093 as amended by S.I. 1999/1092

*“Compulsory licences: general.*

**48.**—(1) At any time after the expiration of three years, or of such other period as may be prescribed, from the date of the grant of a patent, any person may apply to the comptroller on one or more of the relevant grounds—

- (a) for a licence under the patent;
- (b) for an entry to be made in the register to the effect that licences under the patent are to be available as of right; or
- (c) where the applicant is a government department, for the grant to any person specified in the application of a licence under the patent.

(2) Subject to [sections 48A](#) and [48B](#) below, if he is satisfied that any of the relevant grounds are established, the comptroller may—

- (a) where the application is under [subsection \(1\)\(a\)](#) above, order the grant of a licence to the applicant on such terms as the comptroller thinks fit;
- (b) where the application is under [subsection \(1\)\(b\)](#) above, make such an entry as is there mentioned;
- (c) where the application is under [subsection \(1\)\(c\)](#) above, order the grant of a licence to the person specified in the application on such terms as the comptroller thinks fit.

(3) An application may be made under this section in respect of a patent even though the applicant is already the holder of a licence under the patent; and no person shall be estopped or barred from alleging any of the matters specified in the relevant grounds by reason of any admission made by him, whether in such a licence or otherwise, or by reason of his having accepted a licence.

(4) In this section “the relevant grounds” means—

- (a) in the case of an application made in respect of a patent whose proprietor is a WTO proprietor, the grounds set out in [section 48A\(1\)](#) below;
- (b) in any other case, the grounds set out in [section 48B\(1\)](#) below.

(5) A proprietor is a WTO proprietor for the purposes of this section and [sections 48A](#), [48B](#), [50](#) and [52](#) below if—

- (a) he is a national of, or is domiciled in, a country which is a member of the World Trade Organisation; or
- (b) he has a real and effective industrial or commercial establishment in such a country.

(6) A rule prescribing any such other period under [subsection \(1\)](#) above shall not be made unless a draft of the rule has been laid before, and approved by resolution of, each House of Parliament.”

**Compulsory licences: WTO proprietors**

4. After [section 48](#) of the 1977 Act insert—

*“Compulsory licences: WTO proprietors.*

**48A.**—(1) In the case of an application made under [section 48](#) above in respect of a patent whose proprietor is a WTO proprietor, the relevant grounds are—

- (a) where the patented invention is a product, that a demand in the United Kingdom for that product is not being met on reasonable terms;
- (b) that by reason of the refusal of the proprietor of the patent concerned to grant a licence or licences on reasonable terms—
  - (i) the exploitation in the United Kingdom of any other patented invention which involves an important technical advance of considerable economic significance in relation to the invention for which the patent concerned was granted is prevented or hindered, or
  - (ii) the establishment or development of commercial or industrial activities in the United Kingdom is unfairly prejudiced;
- (c) that by reason of conditions imposed by the proprietor of the patent concerned on the grant of licences under the patent, or on the disposal or use of the patented product or on the use of the patented process, the manufacture, use or disposal of materials not protected by the patent, or the establishment or development of commercial or industrial activities in the United Kingdom, is unfairly prejudiced.

(2) No order or entry shall be made under [section 48](#) above in respect of a patent whose proprietor is a WTO proprietor unless—

- (a) the applicant has made efforts to obtain a licence from the proprietor on reasonable commercial terms and conditions; and
- (b) his efforts have not been successful within a reasonable period.  
No order or entry shall be so made if the patented invention is in the field of semi-conductor technology.

No order or entry shall be made under [section 48](#) above in respect of a patent on the ground mentioned in [subsection \(1\)\(b\)\(i\)](#) above unless the comptroller is satisfied that the proprietor of the patent for the other invention is able and willing to grant the proprietor of the patent concerned and his licensees a licence under the patent for the other invention on reasonable terms.

A licence granted in pursuance of an order or entry so made shall not be assigned except to a person to whom the patent for the other invention is also assigned.

A licence granted in pursuance of an order or entry made under [section 48](#) above in respect of a patent whose proprietor is a WTO proprietor—

- (a) shall not be exclusive;
- (b) shall not be assigned except to a person to whom there is also assigned the part of the enterprise that enjoys the use of the patented invention, or the part of the goodwill that belongs to that part;

- (c) shall be predominantly for the supply of the market in the United Kingdom;
- (d) shall include conditions entitling the proprietor of the patent concerned to remuneration adequate in the circumstances of the case, taking into account the economic value of the licence; and
- (e) shall be limited in scope and in duration to the purpose for which the licence was granted.”

### **Compulsory licences: other cases**

5. After [section 48A](#) of the 1977 Act insert—

*“Compulsory licences: other cases.*

**48B.**—(1) In the case of an application made under [section 48](#) above in respect of a patent whose proprietor is not a WTO proprietor, the relevant grounds are—

- (a) where the patented invention is capable of being commercially worked in the United Kingdom, that it is not being so worked or is not being so worked to the fullest extent that is reasonably practicable;
- (b) where the patented invention is a product, that a demand for the product in the United Kingdom—
  - (i) is not being met on reasonable terms, or
  - (ii) is being met to a substantial extent by importation from a country which is not a member State;
- (c) where the patented invention is capable of being commercially worked in the United Kingdom, that it is being prevented or hindered from being so worked—
  - (i) where the invention is a product, by the importation of the product from a country which is not a member State,
  - (ii) where the invention is a process, by the importation from such a country of a product obtained directly by means of the process or to which the process has been applied;
- (d) that by reason of the refusal of the proprietor of the patent to grant a licence or licences on reasonable terms—
  - (i) a market for the export of any patented product made in the United Kingdom is not being supplied, or
  - (ii) the working or efficient working in the United Kingdom of any other patented invention which makes a substantial contribution to the art is prevented or hindered, or
  - (iii) the establishment or development of commercial or industrial activities in the United Kingdom is unfairly prejudiced;

- (e) that by reason of conditions imposed by the proprietor of the patent on the grant of licences under the patent, or on the disposal or use of the patented product or on the use of the patented process, the manufacture, use or disposal of materials not protected by the patent, or the establishment or development of commercial or industrial activities in the United Kingdom, is unfairly prejudiced.

(2) Where—

- (a) an application is made on the ground that the patented invention is not being commercially worked in the United Kingdom or is not being so worked to the fullest extent that is reasonably practicable; and
- (b) it appears to the comptroller that the time which has elapsed since the publication in the journal of a notice of the grant of the patent has for any reason been insufficient to enable the invention to be so worked,

he may by order adjourn the application for such period as will in his opinion give sufficient time for the invention to be so worked.

(3) No order or entry shall be made under [section 48](#) above in respect of a patent on the ground mentioned in [subsection \(1\)\(a\)](#) above if—

- (a) the patented invention is being commercially worked in a country which is a member State; and
- (b) demand in the United Kingdom is being met by importation from that country.

(4) No entry shall be made in the register under [section 48](#) above on the ground mentioned in [subsection \(1\)\(d\)\(i\)](#) above, and any licence granted under [section 48](#) above on that ground shall contain such provisions as appear to the comptroller to be expedient for restricting the countries in which any product concerned may be disposed of or used by the licensee.

(5) No order or entry shall be made under [section 48](#) above in respect of a patent on the ground mentioned in [subsection \(1\)\(d\)\(ii\)](#) above unless the comptroller is satisfied that the proprietor of the patent for the other invention is able and willing to grant to the proprietor of the patent concerned and his licensees a licence under the patent for the other invention on reasonable terms.”

## **Opposition, appeal and arbitration**

6. For [section 52](#) of the 1977 Act substitute—

*“Opposition, appeal and arbitration.*

**52.**—(1) The proprietor of the patent concerned or any other person wishing to oppose an application under [sections 48 to 51](#) above may, in accordance with rules, give to the comptroller notice of opposition; and the comptroller shall consider any opposition in deciding whether to grant the application.

(2) Where an order or entry has been made under [section 48](#) above in respect of a patent whose proprietor is a WTO proprietor—

- (a) the proprietor or any other person may, in accordance with rules, apply to the comptroller to have the order revoked or the entry cancelled on the grounds that the circumstances which led to the making of the order or entry have ceased to exist and are unlikely to recur;
- (b) any person wishing to oppose an application under [paragraph \(a\)](#) above may, in accordance with rules, give to the comptroller notice of opposition; and
- (c) the comptroller shall consider any opposition in deciding whether to grant the application.

(3) If it appears to the comptroller on an application under [subsection \(2\)\(a\)](#) above that the circumstances which led to the making of the order or entry have ceased to exist and are unlikely to recur, he may—

- (a) revoke the order or cancel the entry; and
- (b) terminate any licence granted to a person in pursuance of the order or entry subject to such terms and conditions as he thinks necessary for the protection of the legitimate interests of that person.

(4) Where an appeal is brought—

- (a) from an order made by the comptroller in pursuance of an application under [sections 48 to 51](#) above;
- (b) from a decision of his to make an entry in the register in pursuance of such an application;
- (c) from a revocation or cancellation made by him under [subsection \(3\)](#) above; or
- (d) from a refusal of his to make such an order, entry, revocation or cancellation,

the Attorney General, the appropriate Law Officer within the meaning of [section 4A](#) of the Crown Suits (Scotland) Act 1857<sup>(a)</sup> or the Attorney General for Northern Ireland, or such other counsel as any of them may appoint, shall be entitled to appear and be heard.

(5) Where an application under [sections 48 to 51](#) above or [subsection \(2\)](#) above is opposed, and either—

- (a) the parties consent, or
- (b) the proceedings require a prolonged examination of documents or any scientific or local investigation which cannot in the opinion of the comptroller conveniently be made before him, the comptroller may at any time order the whole proceedings, or any question or issue of fact arising in them, to be referred to an arbitrator or arbiter agreed on by the parties or, in default of agreement, appointed by the comptroller.

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<sup>(a)</sup> 1857 c. 44

(6) Where the whole proceedings are so referred, unless the parties otherwise agree before the award of the arbitrator or arbiter is made, an appeal shall lie from the award to the court.

(7) Where a question or issue of fact is so referred, the arbitrator or arbiter shall report his findings to the comptroller.”

## **Minor amendments of 1977 Act**

7.—(1) After **subsection (5)** of **section 5** of the 1977 Act (priority date) insert—

“(6) References in **subsection (5)** above to a convention country include references to a country, other than the United Kingdom, which is a member of the World Trade Organisation.”

(2) In **subsection (1)** of **section 50** of that Act (exercise of powers on applications), after the words “in respect of a patent” insert the words “whose proprietor is not a WTO proprietor”.

(3) In **subsection (2)** of that section, for the words “such an application” substitute the words “any application under [section 48](#) above”.

(4) In **subsection (2)** of **section 54** of that Act (special provisions), after the words “means a country other than a member state” insert the words “or a member of the World Trade Organisation”.

(5) In **subsection (7)** of **section 60** of that Act (meaning of infringement), in the definitions of “relevant ship” and “relevant aircraft, hovercraft or vehicle”, after the words “1983” insert the words “or which is a member of the World Trade Organisation”.

## **Part II: transitional provisions**

8.—(1) A WTO proprietor of a patent in respect of which an order or entry has been made under **section 48** of the 1977 Act before the relevant date may apply to the comptroller—

- (a) to have the order revoked or the entry cancelled on the grounds that the grounds on which the order or entry was made are not set out in **subsection (1) of section 48A** of that Act; or
- (b) to have the conditions subject to which any licence was granted before that date in pursuance of the order or entry modified on the grounds that the licence does not satisfy the requirements set out in **subsection (6)** of that section.

(2) If it appears to the comptroller on an application under [paragraph \(1\)\(a\)](#) that the grounds on which the order or entry was made are not set out in **section 48A(1)** of the 1977 Act, he may—

- (a) revoke the order or cancel the entry; or

- (b) terminate any licence granted to a person in pursuance of the order or entry subject to such terms and conditions as he thinks necessary for the protection of the legitimate interests of that person.

(3) If it appears to the comptroller on an application under [paragraph \(1\)\(b\)](#) that the conditions of the licence should be modified, he may modify the conditions accordingly; but in doing so he shall have regard to the need to protect the legitimate interests of the holder of the licence.

(4) **Subsections (1), (4) and (5) of section 52** of the 1977 Act shall apply to an application under [paragraph \(1\)](#) as they apply to an application under **sections 48 to 51** of that Act, but as if the reference in [subsection \(1\)](#) to the proprietor of the patent or any other person were a reference to any person.

(5) **Section 48A(5)** of the 1977 Act shall apply to a licence granted on or after the relevant date in pursuance of an entry made before that date in relation to a patent whose proprietor is a WTO proprietor, if the entry was made—

- (a) before the commencement date and on the ground mentioned in **section 48(3)(d)(ii)** of that Act; or
- (b) on or after that date and on the ground mentioned in **section 48B(1)(d)(ii)** of that Act.

(6) **Section 48A(6)** of the 1977 Act shall apply to a licence granted on or after the relevant date in pursuance of an entry made before that date in relation to a patent whose proprietor is a WTO proprietor.

(7) A proprietor is a WTO proprietor for the purposes of this regulation if—

- (a) he is a national of, or is domiciled in, a country which is a member of the World Trade Organisation; or
- (b) he has a real and effective industrial or commercial establishment in such a country.

(8) In this regulation—

“the commencement date” means the date of the coming into force of these Regulations;

“the relevant date” means the commencement date or, if later, the date on which the proprietor of the patent became a WTO proprietor.

## **PART III**

### **AMENDMENTS OF THE PATENTS RULES 1995**

**Application for: compulsory licence under section 48(1), or revocation or cancellation under section 52(2)(a), of the 1977 Act**

9. For **rule 68** of the 1995 rules substitute—



“68. An application under [section 48\(1\)](#) or [52\(2\)\(a\)](#) shall be made on Patents Form 2/77 and shall be accompanied by a statement in duplicate of the facts upon which the applicant relies and evidence in duplicate verifying the statement.”.

## **Procedure on receipt of application under section 48, 51 or 52 of the 1977 Act**

10. For [rule 70](#) of the 1995 rules substitute—

“70.—(1) If upon consideration of the evidence submitted under [rule 68](#) (application for: compulsory licence under [section 48\(1\)](#) or revocation or cancellation under [section 52\(2\)\(a\)](#)) or [rule 69](#) (application by Minister under [section 51](#)), the comptroller is not satisfied that a prima facie case is made out for—

- (a) the making of an order or an entry, or
- (b) the revocation of an order or cancellation of an entry,

as the case may be, he shall notify the applicant accordingly, and unless, within one month of making such notification, the applicant requests to be heard in the matter, the comptroller shall refuse the application.

(2) Where the applicant requests a hearing within the time allowed, the comptroller, after giving the applicant the opportunity of being heard, shall determine whether the application may proceed or whether it shall be refused.

(3) If upon consideration of the evidence the comptroller is satisfied that a prima facie case has been made out for—

- (a) the making of an order or an entry, or
- (b) the revocation of an order or cancellation of an entry,

as the case may be, or if, after hearing the applicant, he so determines, he shall direct that the application shall be advertised in the Journal, and shall send a copy of the application, the statement and the evidence filed in support thereof—

- (c) where the application is under [subparagraph \(a\)](#) to the proprietor of the patent and to any other person shown on the register as having any right in or under the patent; or
- (d) where the application is under [subparagraph \(b\)](#), to any person shown on the register as having any right in or under the patent.”.

## **Opposition under section 52 of the 1977 Act**

11. For [paragraph \(1\) of rule 71](#) of the 1995 rules substitute—

“71.—(1) Within two months of the date of the advertisement in the Journal of an application under [rule 70\(3\)](#), any person may give notice to the comptroller of opposition under [section 52\(1\)](#) or [52\(2\)\(b\)](#), as the case may be, to the application on Patents Form 15/77.”.

### Part III: transitional provisions

12. Rules 68, 70 and 71 of the 1995 rules shall apply to an application, or opposition to an application, under regulation 8(1) as they apply to an application or opposition under section 48, or section 52, of the 1977 Act.

## PART IV AMENDMENTS OF THE TRADE MARKS ACT 1994

### Amendments of 1994 Act

13.—(1) In subsection (1)(c) of section 6 of the 1994 Act (meaning of “earlier trade mark”), after the words “protection under the Paris Convention” insert the words “or the WTO agreement”.

(2) In subsection (1) of section 55 of the 1994 Act (Paris Convention: supplementary provisions), omit the word “and” at the end of paragraph (a) and after that paragraph insert—

(aa) “the WTO agreement” means the Agreement establishing the World Trade Organisation signed at Marrakesh on 15th April 1994<sup>(a)</sup>, and”.

(3) In subsection (2) of that section, after the words “the Paris Convention” there shall be inserted the words “or the WTO agreement”.

(4) In subsections (1) and (2) of section 56 of that Act (protection of well-known trade marks), after the words “the Paris Convention” insert the words “or the WTO agreement”.

(5) In subsections (2) and (3) of section 57 of that Act (national emblems etc. of Convention countries), after the words “the Paris Convention” insert the words “or the WTO agreement”.

(6) In subsection (2) of section 58 of that Act (emblems etc. of certain international organisations), after the words “the Paris Convention” insert the words “or the WTO agreement”.

(7) After subsection (4) of section 59 of that Act (notification under Article 6ter of Convention) insert—

“(5) Any reference in this section to Article 6ter of the Paris Convention shall be construed as including a reference to that Article as applied by the WTO agreement”.

### Part IV: transitional provisions

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<sup>(a)</sup> Cm. 2556–59, 2561–2, 2564–69, 2571–74. The Agreement Establishing the World Trade Organisation was declared a Community Treaty as defined in section 1(2) of the European Communities Act 1972 by S.I. 1995/265.

14.—(1) The amendment of **section 56(2)** of the 1994 Act made by **regulation 13(4)** shall not affect the continuation of any bona fide use of a trade mark begun before the 1st January 1996.

(2) The amendment made by **regulation 13(6)** shall not affect the rights of a person whose bona fide use of the trade mark in question began before that date.

*Kim Howells*

Parliamentary Under Secretary of State

for Competition and Consumer Affairs,

Department of Trade and Industry

1st July 1999

### **EXPLANATORY NOTE**

*(This note is not part of the Regulations)*

These Regulations modify the Patents Act 1977, the Patents Rules 1995 (S.I. 1995/2093) and the Trade Marks Act 1994 in pursuance of the United Kingdom's obligations under the Agreement establishing the World Trade Organisation signed at Marrakesh on 15th April 1994 and the Agreement on Trade-Related Aspects of Intellectual Property Rights which is an integral part of the WTO Agreement.

The principal amendments are to those provisions of—

- (a) the Patents Act 1977 (**regulations 3 to 8**), and
- (b) the Patents Rules 1995 (**regulations 9 to 12**),

which concern the application for and the grant of compulsory licences. Where the proprietor of the patent in respect of which such an application is made is a national of, or is domiciled or has a real and effective industrial or commercial establishment in, a country which is a member of the World Trade Organisation, the grounds upon which a compulsory licence may be granted are more restricted than the grounds which would otherwise be available to an applicant (regulation 4).

Amendments are also made to the Patents Act 1977 and to the Trade Marks Act 1994 to permit any country which becomes a member of the World Trade Organisation to be treated automatically as a Convention country (**regulations 7(1) and 13**).

A Regulatory Impact Assessment is not required for this Instrument.