

CHAPTER 12

SECTION 48 COMPULSORY LICENCES

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|--|---------------|
| Introduction | 12.01 - 12.03 |
| Who may apply? | 12.02 |
| Period during which an application may be made | 12.03 |
| Formal Requirements | 12.04 - 12.09 |
| WTO (World Trade Organisation) Proprietors | 12.05 - 12.07 |
| Non-WTO (World Trade Organisation) Proprietors | 12.08 - 12.09 |
| Initial Check | 12.10 |
| <i>Prima facie</i> view | 12.11 - 12.14 |
| Further Procedure | 12.15 - 12.24 |
| Opposition | 12.15 - 12.07 |
| Decision | 12.18 - 12.22 |
| Updating the Register - free text entries | 12.23 |
| Clear Records | 12.24 |

12 COMPULSORY LICENCES

INTRODUCTION

12.01 Under section 48, applications may be made to the Comptroller for him to:

- a) order the grant of a licence under a patent or
- b) make an entry in the register making licences under a patent available as of right.

The latter is not available where the grounds for application are that a market for the export of any patented product made in the UK is not being supplied (only relevant where the proprietors are not WTO (World Trade Organisation) proprietors).

Section 48 has been altered by The Patents & Trade Marks (World Trade Organisation) Regulations 1999. This implements the TRIPS (Trade-related Aspects of Intellectual Property Rights) part of the GATT (General Agreement on Tariff and Trade) Treaty by the World Trade Organisation.

Who may apply?

12.02 Any person may apply for a licence, including an existing licensee (section 48(1)).

Period during which an application may be made

12.03 An application may be made at any time after three years from the date of grant of the patent (Section 48(1)).

FORMAL REQUIREMENTS

12.04 A Patents Form 2/77 and a fee of £50 are required, accompanied by a statement in duplicate of the facts on which the claimant relies and evidence in duplicate verifying the statement (see rule 68). The statement should set out the grounds on which the application is made; these should be one or more of those specified in section 48A(1) if the proprietor is a WTO proprietor. If the proprietor is not a WTO proprietor, the relevant grounds are set out in section 48B(1).

WTO (World Trade Organisation) Proprietors

12.05 The grounds under section 48A(1) apply when the proprietor is a WTO (World Trade Organisation) proprietor. The latter is defined in section 48(5):

Section 48(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.

12.06 The grounds under section 48A are concerned with demand for a product being met on reasonable terms:

Section 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.

12.07 Section 48A (2)-(6) places certain restrictions on orders or entries in the register in respect of certain grounds under section 48A (1):

Section 48A(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.

Section 48A(3)

No order or entry shall be so made if the patented invention is in the field of semi-conductor technology.

Section 48A(4)

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.

Section 48A(5)

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.

Section 48A(6)

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.

Non-WTO (World Trade Organisation) Proprietors

12.08 The grounds under section 48B(1) apply when the proprietor is a not a WTO proprietor. They are concerned with whether or not the invention is being worked or sufficiently worked:

Section 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

(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.

12.09 Section 48B(2)-(5) places certain restrictions on orders or entries in the register in respect of certain grounds under section 48B(1):

Section 48B(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.

Section 48B(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.

Section 48B(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.

April 2007

Section 48B(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.

INITIAL CHECK

12.10 The Patents Form 2/77, statement and evidence should be checked by the B3 to take into account the points raised above and points raised in Chapter 2 and Chapter 3. Any defects should be brought to the attention of the claimants, with a request that the appropriate changes be made. The B3 appoints a B2 Case Officer once the statement and evidence are acceptable.

PRIMA FACIE VIEW

12.11 The B2 should send the case to the HO. The HO will consider whether the claimants have made a *prima facie* case (rule 70(1)). If the HO is not satisfied that a *prima facie* case has been made, the claimant is informed that unless he requests to be heard in the matter within one month, the application will be refused. If a request to be heard is made, the HO will reconsider after the hearing whether the application should continue or whether it should be refused (rule 70(2)).

12.12 Only if the HO decides that the claimant has made a *prima facie* case do the proceedings become *inter partes*.

12.13 Refusal by the HO at this stage terminates the proceedings.

12.14 If a *prima facie* case has been made out, the B2 will then serve the application (Patents Form 2/77, statement and evidence) on the proprietors and place an advert for opposition in the Journal (rule 70(3)).

FURTHER PROCEDURE

12.15 Any person may oppose the application by filing a Patents Form 15/77, a statement setting out fully the facts upon which the opponents rely and the relief they seek, and evidence supporting the statement (rules 71(1) & (2)). All should be filed within two months of the date of the advert and should be filed in duplicate.

12.16 The Patents Form 15/77, statement and evidence should be checked by the B2 to take into account the points mentioned above and points raised in Chapter 2 and Chapter 3. Any defects, eg in the evidence, should be brought to the attention of the claimants, with a request that the appropriate changes be made.

12.17 The B2 will then serve the opposition (Patents Form 15/77, statement and evidence) on the defendants, who may file evidence strictly in reply to the opposition within 6 weeks (rule 71(3)).

Decision

12.18 A hearing is normally then arranged followed by a decision by the HO.

12.19 If an application under section 48(1)(a) is allowed, the Comptroller may order under section 48(2)(a) the grant of a licence to the claimant on such terms as he thinks fit (see section 49). In settling the terms of any licence ordered, particular notice is taken of the provisions of sections 50 and 48A or 48B as appropriate. The royalty for a compulsory licence under section 48 should be one which would be negotiated between a willing licensor and a willing licensee.

12.20 If an application under section 48(1)(b) is allowed, the Comptroller may order under section 48(2)(b) that an entry be made on the register to the effect that licences under the patent are available as of right. If an application is refused, the patent is unaffected.

12.21 The decision can be appealed to the High Court within 28 days of the date of the decision.

12.22 Follow procedures at 1.30 to 1.31

Updating the Register - free text entries

12.23 Using OPTICS, a free text entry should be made reflecting the decision as shown below:

“Application under section 48 for a compulsory licence/licence of right filed by..... allowed/refused by decision of the Comptroller dated.....” (Delete as necessary)

Clear Records (B3 action)

12.24 Read through the decision circulated by the A1 officer and complete “Clear Record Pro-forma” and pass to the appropriate case officer for further action.