

Section 11

This Section deals with the most important limitation placed upon the rights under the patent, i.e., the duration of the patent.

The duration is computed from the filing date of the application. This does not mean that the protection commences from the filing date. It only means that the starting point for calculating the duration is the filing date. The protection commences from the date of grant.

Subsection (2) provides for the payment of annual fees to maintain the application or patent, starting from the first anniversary of the filing date of the application and states the consequences of failure to pay annual fees.

The amount of the annual fee should progressively increase with each year. This progression is based on the assumption that patents kept in force for a long period are generally those which have great, and even growing, economic value for their owners, who can therefore afford to carry an ever-increasing burden of fees. A system of progressive fees also tends to eliminate unnecessary patents, that is to say, those which are no longer of interest to their owners since, with the growing burden of increasing fees, they will stop and think harder every year about whether they should keep their patents in force and will probably pay the annual fees only for those which are of some economic value to them.

Several countries provide for measures for the benefit of inventors of limited financial means. Depending on their nature, these measures may be provided for in the patent law or in other legal texts. One possible measure would be to reduce the amount of fees for such inventors; another possibility would be to give them provisional exemption from, for example, the first four or five annual fees, requiring them to pay such fees only if their inventions are being commercially exploited in a way which makes it possible for them to pay. A further system would be to grant subsidies, from special funds, to inventors of limited financial means.

The six-month period of grace for the payment of annual fees is provided for under Article 5*bis* of the Paris Convention. The effect of this six-month period of grace is that a patent is not necessarily considered to have lapsed if an annual fee has not been paid on the date it falls due. It is only after the annual fee and the prescribed surcharge have not been paid on expiration of the period of grace that the patent lapses, and it lapses retroactively with effect from the date on which the annual fee was payable. If, however, the annual fee and surcharge are paid within the period of grace, the validity of the patent continues without interruption as if the annual fee had been paid on the due date. To benefit from the period of grace, it is not necessary to submit a request or present any justification for the delay; it suffices to pay the annual fee and the surcharge.

If an annual fee is not paid before the due date or before the expiration of the six-month period of grace, the patent application would be deemed to have been withdrawn. In the case of a patent, its lapse means that the invention hitherto protected may now be freely exploited by any person. It is therefore important that the public should be informed as early as possible by publishing the lapse of a patent for failure to pay an annual fee.

Duration;
Annual Fees

11.(1) Subject to subsection (2), a patent shall expire 20 years after the filing date of the application for the patent.

(2) In order to maintain the patent or patent application, an annual fee shall be paid in advance to the Registrar for each year, starting one year after the filing date of the application for grant of the patent. A period of grace of six months shall be allowed for the late payment of the annual fee on payment of the prescribed surcharge. If an annual fee is not paid in accordance with the provisions of this subsection, the patent application shall be deemed to have been withdrawn or the patent shall lapse.

Section 12

This Section introduces a measure which allows the exploitation of a patented invention, without the agreement of the owner of the patent, by the Government or by third persons authorized by the Government, in the public interest or to remedy an anti-competitive practice. As affirmed in paragraphs 5(b) and (c) of the Declaration on the TRIPS Agreement and Public Health (doc. ref. WT/MIN(01)/DEC/W/2), issued at the November 2001 WTO Ministerial Conference in Doha, each WTO Member has the right to grant compulsory licences and the freedom to determine the grounds upon which such licences are granted. Each WTO Member has the right to determine what constitutes a national emergency or other circumstances of extreme urgency, it being understood that public health crises, including those relating to HIV/AIDS, tuberculosis, malaria and other epidemics, can represent a national emergency or other circumstances of extreme urgency. The provisions may be merged with the provisions contained in *Section 13*, below, and re-drafted accordingly if it is preferred that the Law should only provide for the grant of non-voluntary licenses including on the grounds referred to in *Section 12(1)(i)* and *(ii)*. It should also be noted that paragraph 6 of the said Doha Declaration recognizes that WTO Members with insufficient or no manufacturing capacities in the pharmaceutical sector could face difficulties in making effective use of compulsory licensing under the TRIPS Agreement. The said Declaration instructed the Council for TRIPS to find an expeditious solution to this problem and to report to the WTO General Council before the end of 2002.

Under the exception contained in *subsection (1)*, the Government may, in the public interest, exploit a patented invention, or the Minister may designate a third person to do so, without the agreement of the owner of the patent. The said exploitation may be authorized if the public interest so requires (*subparagraph (i)*) of *subsection (1)* or, should the laws of Samoa provide for such procedure, if the competent judicial or administrative body has determined that the manner of exploitation, by the owner of the patent or his licensee, is anti-competitive and the Minister is satisfied that the authorization would remedy such practice (*subparagraph (ii)*).

In view of the importance of decisions of this nature, *subsection (1)* requires the decision to be made by the Minister under whose supervision the Industrial Property Registry is placed and it is required that, in addition to the owner of the patent, all other interested persons should be given an opportunity of being heard before the decision is taken.

Subsection (2) requires, in accordance with Article 31(h) of the TRIPS Agreement, that an adequate remuneration be paid to the right holder. The amount of an "adequate remuneration" will have to be determined in each case, taking into account, in particular, the economic value of the authorization. The economic value will often be calculated on the basis of the sum which would be payable under a freely negotiated license in respect of the invention. However, the need to correct anti-competitive practices may result in a reduction of the amount. The requirement that a decision be taken after the owner of the patent and any interested person have been given an opportunity to be heard is not based on any provision within the TRIPS Agreement. It has, however, been included in *subsection (2)* and adopted by some countries so as to ensure that the procedure for the grant of non-voluntary licenses follows due process.

Exploitation by Government
or Person thereby Authorized

12.(1) Where

- (i) the public interest, in particular, national security, nutrition, health or the development of other vital sectors of the national economy so requires, or
- (ii) the [name of the competent judicial or administrative body to be inserted] has determined that the manner of exploitation, by the owner of the patent or his licensee, is anti-competitive, and the Minister is satisfied that the exploitation of the invention in accordance with this subsection would remedy such practice,

the Minister may decide that, even without the agreement of the owner of the patent, a Government agency or a third person designated by the Minister may exploit a patented invention.

(2) The exploitation of the patented invention shall be limited to the purpose for which it was authorized and shall be subject to the payment to the said owner of an adequate remuneration therefor, taking into account the economic value of the Minister's authorization, as determined in the said decision, and, where a decision has been taken under paragraph (ii) of subsection (1), the need to correct anti-competitive practices. [The Minister shall take his decision after hearing the owner of the patent and any interested person if they wish to be heard.]

Subsection (3): According to this subsection, an authorization may be obtained only if efforts have been made to obtain a contractual license and have failed: a contractual license is preferable for all concerned to that of a non-voluntary license. The said requirement may be waived in cases of a national emergency or other circumstances of extreme urgency. In such cases, the owner of the patent is, however, to be informed as soon as reasonably practicable. It may also be waived, in accordance with Article 31(b) and (k) of the TRIPS Agreement, in cases of public non-commercial use or where a practice has been determined, after a judicial or administrative process, to be anti-competitive.

To discharge his obligation to provide proof of having sought in vain to obtain an authorization, the requesting party may, for instance, submit a copy of the letter he sent to the owner of the patent by registered mail or in any other legally recognized manner according to the practices of the country and a copy of the reply he received, if any.

Subsection (4) limits the possibility of obtaining authorization for the exploitation of patented semi-conductor products or processes for the manufacture of such products to public non-commercial use and to cases where a decision of the kind referred to in *subsection (1)(ii)* has been taken.

Subsection (5) makes it clear that the authorization is non-exclusive; the owner of the patent may, notwithstanding the authorization, issue contractual licenses and exploit the patented invention himself. In addition, the Minister may authorize another Government agency or third person or the Registrar or the Court, if a judicial procedure is preferred, may issue a non-voluntary license under *Section 13*.

Subsection (6): Where a third person has been designated by the Minister, the said person may transfer that authorization. The transfer of the authorization is, however, only possible together with the enterprise or business of the beneficiary of the authorization or the part of his enterprise or business that is exploiting the patented invention.

(3)(a) A request for the Minister's authorization shall be accompanied by evidence that the owner of the patent has received, from the person seeking the authorization, a request for a contractual license, but that that person has been unable to obtain such a license on reasonable commercial terms and conditions and within a reasonable time.

(b) Paragraph (a) of this subsection shall not apply in cases of

- (i) national emergency or other circumstances of extreme urgency provided, however, that in such cases the owner of the patent shall be notified of the Minister's decision as soon as reasonably practicable,
- (ii) public non-commercial use, and
- (iii) anti-competitive practices determined as such by a judicial or administrative body in accordance with subsection (1)(ii).

(4) The exploitation of a patented invention in the field of semi-conductor technology shall only be authorized either for public non-commercial use or where a judicial or administrative body has determined that the manner of exploitation of the patented invention, by the owner of the patent or his licensee, is anti-competitive and if the Minister is satisfied that the issuance of the non-voluntary license would remedy such practice.

(5) The authorization shall not exclude:

- (i) the conclusion of license contracts by the owner of the patent; or
- (ii) the continued exercise, by the owner of the patent, of his rights under Section 10(2); or
- (iii) the issuance of a non-voluntary license under Section 13.

(6) Where a third person has been designated by the Minister, the authorization may only be transferred with the enterprise or business of that person or with the part of the enterprise or business within which the patented invention is being exploited.

Subsection (7) limits the authorization for exploiting the invention to such use which is predominantly for the supply of the domestic market. The said limitation, as permitted by Article 31(k) of the TRIPS Agreement, is omitted in cases where a practice has been determined, after a judicial or administrative process, to be anti-competitive. Although the reference to subsection (1)(i) clearly indicates that the said limitation is not applicable in such cases, the authorities may, if they consider it necessary, include the second sentence (currently in square brackets as it could be viewed as a repetition).

Subsection (8) deals with the variation of the decision of the Minister. Variation of the decision may be made upon the request by the owner of the patent or the Government agency or the third person designated by the Minister. The variation would be made if it is justified by a change in the circumstances which led to the authorization.

The variation could relate to the scope of the authorization as well as to the amount or conditions of payment or the time limit, if any, within which the Government agency or the third person designated by the Minister must commence or terminate the exploitation. An example of a new fact justifying the variation of the decision would be changed circumstances requiring the adjustment of the remuneration or the fact that the commercialization of the patented invention was impeded by administrative restrictions or that unexpected difficulties, which were not caused by the Government agency or the third person designated by the Minister, prevented the exploitation of the invention during the whole or a considerable part of the period for which the exploitation was authorized; in the latter case, it could be in the interest of the public and of the beneficiary of the authorization that the said period be extended.

Termination of the authorization may be ordered under *subsection (9)*. It may only be requested by the owner of the patent. *Paragraph (a) of subsection (9)* sets out the reason for which termination will be ordered.

The Minister may terminate the authorization under *paragraph (a)* in the following cases, for example: (i) where a Government agency or third person designated by the Minister has, within the time limit, if any, fixed in the Minister's decision, neither begun the exploitation of the patented invention in Samoa nor made serious preparations toward such exploitation; (ii) where the beneficiary of the authorization has gone beyond the scope of the authorization as fixed in the Minister's decision; or (iii) where the beneficiary of the authorization is in arrears in respect of the payment due, according to the Minister's decision.

In these cases, cancellation is a sanction imposed on the beneficiary of the authorization for the failure to comply with his obligations as set out in the Minister's decision. An example of a reason that could result in the termination of the authorization because of changed circumstances would be that it is no longer in the public interest that the patent should be exploited because another product with the same or similar features has been developed and put on the market in sufficient quantities in the meantime. However, the authorization will not be terminated in any case if circumstances exist justifying its maintenance (*paragraph (b)*), as account has to be taken of the investments and preparations made by the beneficiary, which would be completely wasted if the authorization were terminated. The beneficiary's interest in the maintenance of the authorization would, however, only be considered to be legitimate if the change in the circumstances which gave rise to the request was not caused by the beneficiary.

(7) Where the exploitation of the invention by the Government agency or third person designated by the Minister is authorized under subsection (1)(i), it shall be predominantly for the supply of the market in Samoa. [This limitation shall not apply where the exploitation is authorized under subsection (1)(ii).]

(8) Upon request of the owner of the patent, of the Government agency or of the third person authorized to exploit the patented invention, the Minister may, after hearing the parties, if either or both wish to be heard, vary the terms of the decision authorizing the exploitation of the patented invention to the extent that changed circumstances justify such variation.

(9)(a) Upon the request of the owner of the patent, the Minister shall terminate the authorization if he is satisfied, after hearing the parties, if either or both wish to be heard, that the circumstances which led to his decision have ceased to exist and are unlikely to recur or that the Government agency or third person designated by him has failed to comply with the terms of the decision

(b) Notwithstanding paragraph (a), the Minister shall not terminate the authorization if he is satisfied that the need for adequate protection of the legitimate interests of the Government agency or third person designated by him justifies the maintenance of the decision.

Subsection (10): The decisions of the Minister with regard not only to the remuneration but also to the exploitation of the patent and the variation of the terms of his earlier decision and the termination of the authorization may be subject to an appeal.

Section 13

Under this Section, the Registrar or the Court, if a judicial procedure is preferred, may issue non-voluntary licenses in the case of non-exploitation (by local working or importation) of the patented invention and for the exploitation of dependent patents. As stated in the Commentary on *Section 12*, above, the Registrar or the Court could also be entrusted with the grant of non-voluntary licenses on the grounds referred to in *Section 12(1)(i)* and *(ii)*. There would then, it is suggested, be no need for allowing additional requests for an authorization by the Minister to exploit the patented invention on the said grounds.

Subsection (1) allows the issuance of non-voluntary licenses if the conditions of Art. 5A(4) of the Paris Convention are fulfilled and the patented invention has not been sufficiently exploited (by local working or importation) (Art. 28.1 of the TRIPS Agreement).

The basic elements of the decisions issuing the non-voluntary license are set out in *subsection (2)*.

Subsection (3) deals with the rights and obligations of the licensee.

(10) The decisions of the Minister under subsections (1) to (9) may be the subject of an appeal before the [...] Court.

Non-Voluntary Licenses

13.(1)(a) On request, made to the [Registrar] [Court] after the expiration of a period of four years from the date of filing of the patent application or three years from the date of the grant of the patent, which ever period expires last, the [Registrar] [Court] may issue a non-voluntary license if [he] [it] is satisfied that the patented invention is not exploited or is insufficiently exploited, by working the invention locally or by importation, in Samoa.

(b) Notwithstanding paragraph (a) of this subsection, a non-voluntary license shall not be issued if the owner of the patent satisfies the [Registrar] [Court] that circumstances exist which justify the non-exploitation or insufficient exploitation of the patented invention in Samoa.

(2) The decision issuing the non-voluntary license shall fix

- (i) the scope and function of the license,
- (ii) the time limit within which the licensee must begin to exploit the patented invention, and
- (iii) the amount of the adequate remuneration to be paid to the owner of the patent and the conditions of payment.

(3) The beneficiary of the non-voluntary license shall have the right to exploit the patented invention in Samoa according to the terms set out in the decision issuing the license, shall commence the exploitation of the patented invention within the time limit fixed in the said decision and, thereafter, shall exploit the patented invention sufficiently.

Subsections (4) and (5) implement Art. 31(l) of the TRIPS Agreement which allows to issue non-voluntary licenses in case of dependent patents if certain pre-conditions are met.

Subsections (6) to (8) seem to be self-explanatory.

Where the issuance of a non-voluntary license or the variation of its terms or its termination is requested, *subsection (9)* provides that *subsections (2) to (10) of Section 12* shall apply *mutatis mutandis*. This means, in particular, that references to the Minister's authorization would have to be read as references to the non-voluntary license issued or requested to be issued by the Registrar.