

Compulsory license for exploitation of a patent in China

State Intellectual Property Office, China

<http://english.sipo.gov.cn>

Article 48: Under any of the following circumstances, the patent administration department under the State Council may, upon application made by any unit or individual that possesses the conditions for exploitation, grant a compulsory license for exploitation of an invention patent or utility model patent:

- (1) When it has been three years since the date the patent right is granted and four years since the date the patent application is submitted, the patentee, without legitimate reasons, fails to have the patent exploited or fully exploited; or
- (2) The patentee's exercise of the patent right is in accordance with law, confirmed as monopoly and its negative impact on competition needs to be eliminated or reduced.

Article 49: Where a national emergency or any extraordinary state of affairs occurs, or public interests so require, the patent administration department under the State Council may grant a compulsory license for exploitation of an invention patent or utility model patent.

Article 50: For the benefit of public health, the patent administration department under the State Council may grant a compulsory license for manufacture of the drug, for which a patent right has been obtained, and for its export to the countries or regions that conform to the provisions of the relevant international treaties to which the People's Republic of China has acceded.

Article 51: If an invention or utility model, for which the patent right has been obtained, represents a major technological advancement of remarkable economic significance, compared with an earlier invention or utility model for which the patent right has already been obtained, and exploitation of the former relies on exploitation of the latter, the patent administration department under the State Council may, upon application made by the latter, grant it a compulsory license to exploit the earlier invention or utility model.

Under the circumstance where a compulsory license for exploitation is granted in accordance with the provisions of the preceding paragraph, the patent administration department under the State Council may, upon application made by the earlier patentee, grant it a compulsory license to exploit the later invention or utility model.

Article 52: If an invention involved in a compulsory license is a semi-conductor technology, the exploitation thereof shall be limited to the purpose of public interests and to the circumstances as provided for in Subparagraph (2) of Article 48 of this Law.

Article 53: Except for the compulsory license granted in accordance with the provisions of Subparagraph (2) of Article 48 or Article 50 of this Law, compulsory license shall mainly be exercised for the supply to the domestic market.

Article 54: A unit or individual that applies for a compulsory license in accordance with the provisions of Subparagraph (1) of Article 48 or Article 51 of this Law shall provide evidence to show that it or he has, under reasonable terms, requests the patentee's permission for exploitation of the patent, but fails to obtain such permission within a reasonable period of time.

Article 55: The decision made by the patent administration department under the State Council on granting of a compulsory license for exploitation shall be notified to the patentee in a timely manner and shall be registered and announced.

In a decision on granting of the compulsory license for exploitation shall, according to the reasons justifying the compulsory license, be specified the scope and duration for exploitation. When such reasons cease to exist, and are unlikely to recur, the patent administration department under the State Council shall, upon request by the patentee, make a decision to terminate the compulsory license after examination.

Article 56: Any unit or individual that is granted a compulsory license for exploitation shall not have an exclusive right to exploitation and shall not have the right to allow exploitation by others.

Article 57: The unit or individual that is granted a compulsory license for exploitation shall pay reasonable royalties to the patentee, or handle the issue of royalties in accordance with the provisions of the relevant international treaties to which the People's Republic of China has acceded. The amount of royalties to be paid shall be subject to consultation between the two parties. In the event of failure to reach an agreement between the two parties, the patent administration department under the State Council shall make a ruling.

Article 58: If a patentee is dissatisfied with the decision made by the patent administration department under the State Council on granting of the compulsory license for exploitation, or if the patentee, or the unit or individual that has obtained the compulsory license for exploitation is dissatisfied with the ruling made by the patent administration department under the State Council regarding the royalties for the compulsorily licensed exploitation, it or he may take legal action before the people's court within three months from the date of receipt of the notification of the ruling.

Technology transfer arrangement in the Philippines

Intellectual Property Office of the Philippines (IPOP), Philippines

<http://www.ipophil.gov.ph>

The signing of Republic Act 8293, otherwise known as the Intellectual Property (IP) Code, on June 6, 1997 liberalizes regulations on technology transfer registration particularly the rate of fees or royalties and strengthens intellectual property rights protection in the Philippines. Voluntary Licensing has been provided by the Code. Recordal with the IP Philippines of agreements that involve transmission of rights is necessary. However, registration is no longer required where the agreement is in conformity of the requirements of the law under Sections 87 and 88.

Section 87 of the IP Code covers the prohibited clauses which are adverse to competition and trade.

Prohibited Clauses (Section 87, IP Code)

1. Those which impose upon the licensee the obligation to acquire from a specific source capital goods, intermediate products, raw materials, and other technologies, or of permanently employing personnel indicated by the licensor;
2. Those pursuant to which the licensee reserves the right to fix the sale or resale prices of the products manufactured on the basis of the license;
3. Those that contain restrictions regarding the volume and structure of production;
4. Those that prohibit the use of competitive technologies in a non-exclusive technology transfer arrangement;
5. Those that establish full or partial purchase option in favor of the licensor;
6. Those that obligate the licensee to transfer for free to the licensor the inventions or improvements that may be obtained through the use of the licensed technology;
7. Those that require payment of royalties to the owners of patents for patents which are not used;
8. Those that prohibit the licensee to export the licensed product unless justified for the protection of the legitimate interest of the licensor such as exports to countries where exclusive licenses to manufacture and/or distribute the licensed product(s) have already been granted;
9. Those which restrict the use of the technology supplied after the expiration of the technology transfer arrangement, except in cases of early termination of the technology transfer arrangement due to reason(s) attributable to the licensee;
10. Those which require payments for patents and other industrial property rights after their expiration or termination of the technology transfer arrangement;
11. Those which require that the technology recipient shall not contest the validity of any of the patents of the technology supplier;
12. Those which restrict the research and development activities of the licensee designed to absorb and adapt the transferred technology to local conditions or to initiate research and development programs in connection with new products, processes or equipment;
13. Those which prevent the licensee from adapting the imported technology to local conditions, or introducing innovation to it, as long as it does not impair the standards prescribed by the licensor; and
14. Those which exempt the licensor from liability for non-fulfillment of his responsibilities under the technology transfer arrangement and/or liability arising from third party suits brought about by the use of the licensed product or the licensed technology.

On the other hand, Section 88 of the IP Code contains provisions which need to be included in voluntary license agreement as follows:

1. That the laws of the Philippines shall govern the interpretation of the agreement and in the event of litigation, the venue shall be the proper court in the place where the licensee has its principal office;
2. Continued access to improvements in techniques and processes related to the technology shall be made available during the period of the technology transfer arrangement;
3. In the event the technology transfer arrangement shall provide for arbitration, the Procedure of Arbitration of the Arbitration Law of the Philippines or the Arbitration Law of the United Nations Commission on International Trade Law (UNCITRAL) or the Rules of Conciliation and Arbitration of the International Chamber of Commerce shall apply and the venue of arbitration shall be the Philippines or any neutral country; and
4. The Philippine taxes on all payments relating to the technology transfer arrangement shall be borne by the licensor.