

PARLIAMENT OF UGANDA

REPORT OF THE SECTORAL COMMITTEE ON LEGAL AND
PARLIAMENTARY AFFAIRS ON THE INDUSTRIAL
PROPERTY BILL, 2009

OFFICE OF THE CLERK TO PARLIAMENT
PARLIAMENT BUILDINGS
KAMPALA UGANDA

May 2013

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1.0 Introduction

The Industrial Property Bill, 2009 was read for the first time on 9th July 2009 in the 8th Parliament. It was re-introduced by a Resolution of Parliament in the 9th Parliament on 31st October 2011 and re-read for the first time on 23rd February 2012. It was referred to the Committee on Legal and Parliamentary Affairs in accordance with Rules 117 and 118 of the Rules of Procedure of Parliament.

In analyzing the Bill, the Committee was guided by Rule 118 of the Rules of Procedure of Parliament.

2.0 Background

The Industrial Property Bill, 2009 is part of the program of reform of commercial laws of Uganda to support private sector development, commercial justice reform and to encourage private investment.

It should be noted that Uganda is a member state of the World Intellectual Property Organization (WIPO), a member of African Regional Intellectual Property Organization (ARIPO), a signatory to the Paris Convention, Patent Cooperation Treaty, TRIPs agreement and a recognized user of the Nice Agreement on classification of goods and services and it is obligated to enact this law, among other reasons, as a new engine of growth for the enhancement of social and economic prosperity.

To put it simply, this is a bill for the law that seeks to protect Ugandan inventions, creations or designs of inventors operating within Uganda.

3.0 Methodology

In the process of analysing the Bill, the Committee discussed the Bill and received memoranda from the following stakeholders;

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1. Ministry of Justice and Constitutional Affairs,
2. Uganda Law Reform Commission,
3. Uganda Law Society,
4. Law Development Center,
5. Uganda Registration Services Bureau,
6. Private Sector Foundation Uganda (PSFU),
7. Association of Microfinance Institutions in Uganda.

The Committee conducted bench marking study tours to Nairobi - Kenya, Maputo - Mozambique, Port Louis - Mauritius, Kuala-Lumpur - Malaysia, London - United Kingdom and Harare - Zimbabwe and to conduct study tours and benchmark the Bill.

The Committee would like to acknowledge and appreciate the UK Industrial Property Office (UK-IPO), the Malaysian Industrial Property Office (MY-IPO), the African Regional Industrial Property Office (ARIPO) in Zimbabwe, the Kenyan Industrial Property Institute and the Mauritian Industrial Property Office for all the information and help given to the Committee during the consideration of this Bill.

The Committee in a special way appreciates the Justice Law and Order Sector (JLOS) for availing funds for the Committee to conduct study tours in Kenya and Mozambique.

4.0 Objective of the Bill

The object of the Bill is to provide for the promotion of inventive and innovative activities, to facilitate the acquisition of technology through the grant and regulation of patents, utility models, technovations and industrial designs, to provide for the designation of registrar, the powers and functions of the registrar and the establishment of a register of industrial Property Rights and for incidental and connected purposes.

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5.0 Observations and Recommendations

The Committee observed that;

- i. The Bill is necessary since Uganda currently does not have any legislation governing industrial property.
- ii. In April 1994, Uganda signed the agreement establishing the World Trade Organisation (WTO) and ratified the agreement in October 1994. By 31st December, 1994, Uganda had fulfilled all the conditions necessary to become founder member of the WTO. There is great need to bring the current legislation in line with the international commitments to which Uganda is bound.
- iii. One of the issues that is considered critical in the Bill is the issue of pharmaceutical products which are not regarded as inventions and therefore excluded from patent protection until 1st January, 2016 under the Trade Related aspects of Intellectual Property (TRIPS) agreement. This notwithstanding, local herbs/medicine if differentiated from imported pharmaceuticals can be registered and protected as the local herbs under the Traditional Knowledge and Expressions of Folklore.
- iv. Even after Uganda passed numerous laws to domesticate agreements and protocols to which it is a party, there is a need to pass more laws in respect to IP. This will give confidence and courage to foreigners to register their inventions and innovations without any fears. One of the agreements yet to be ratified and domesticated is the Swakopmund Protocol that urges member states of ARIPO to put in place a legal regime for the protection of the Traditional Knowledge and expression of Folklore.
- v. There are many ideas and ground breaking innovations coming out of schools and universities in Uganda. This is the essence of Industrial property. Industrial Property should therefore be incorporated in the curriculum and government should support setting up of IP centers in Universities to promote innovation.

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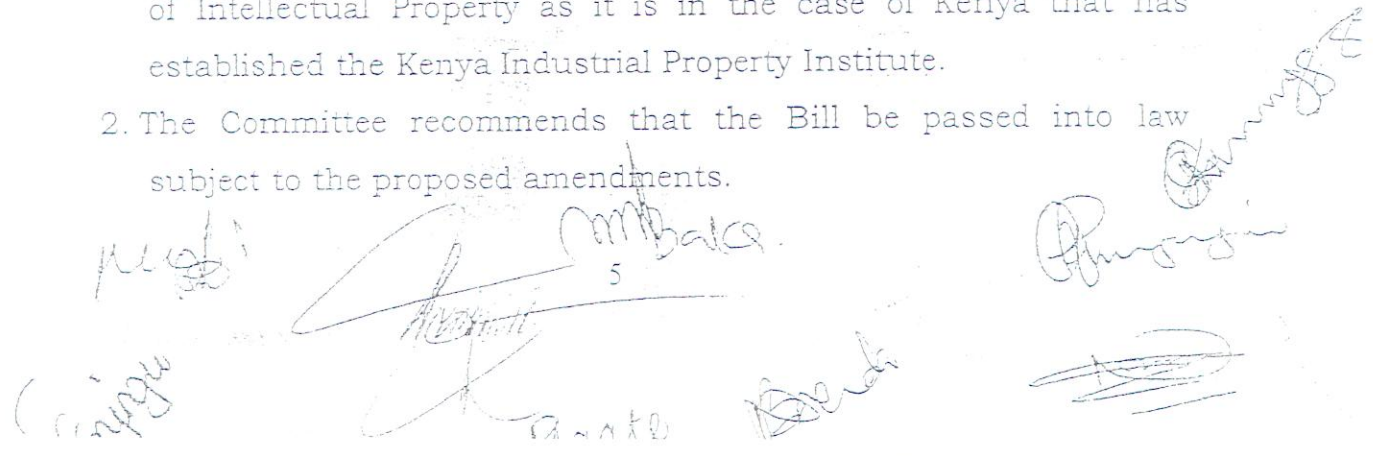
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- vi. The committee noted that there is both financial and technical assistance available through World Intellectual Property Organization (WIPO) and ARIPO for the establishment of the IP academy. to increase expertise in this field of I.P and the Government should follow up the possibility of accessing the available funds.
- vii. The law poses some implementation challenges if Government does not build capacity in the office of Registrar General by staffing the office with adequate skilled examiners and computerizing the office. Most importantly, the Government should embark on training more staff and Judicial Officers on IP issues. This will create speedy and efficient service delivery. All countries visited by the Committee informed the Committee that they employed as many as two thousand professionals who examined patents and patent applications.
- viii. While the proposed law provides for criminal proceedings to be brought against those who infringe on patent rights, the Committee learnt that there are alternative remedies such as damages, injunctions, account of profits (refund of profits). The justification for this is that the law should not be too strict as to stifle innovation.

6.0 Recommendation

1. Having observed that there is the need to develop Intellectual Property in Uganda, the Committee recommends that the Government should take a lead in the development of Intellectual property by establishing a special institution for the development of Intellectual Property as it is in the case of Kenya that has established the Kenya Industrial Property Institute.
2. The Committee recommends that the Bill be passed into law subject to the proposed amendments.


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PROPOSED AMENDMENTS TO THE INDUSTRIAL PROPERTY BILL

2009

1. Clause 2- Interpretation- Definition of "Court"

Redraft as follows:

'Court' means the High Court of Uganda

Justification

- The commercial division of the High Court of Uganda is based on the administrative structure of the High Court. Any future re-naming or administrative restructuring would inevitably necessitate amendment of the legislation.

2. Clause 3- Registrar

(a) Redraft clause 3(1) as follows:

- (1) The Registrar General appointed under the Uganda Registration Services Bureau Act Cap 210 shall be the Registrar of industrial property.

Justification

- To harmonize the provisions of the Act with the Uganda Registration Services Bureau Act since the law shall be implemented by the Uganda Registration Services Bureau.

(b) Clause 3(2) - delete the words 'Minister may' in the third line of the provision.

Justification

- To correct an error

3. Clause 8- Meaning of "invention"

a) Clause 8(3)(f) at the end of the provision add " or thereafter as provided by waiver or extension of pharmaceutical patent and data protections under the Agreement on Trade Related Aspects

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b) Rephrase clause 10(2) as follows:

'For purposes of this Act, prior art consists of everything made available to the public anywhere in the world by means of written disclosure including drawings, published patent applications, and other illustrations or by oral disclosure, use, exhibition or other non-written means which shall also be considered prior art, including information implied in any disclosure derived from a combination of prior disclosure, where the disclosure occurred before the date of filing of the application or, if priority is claimed, before the priority date validly claimed in respect of the application.'

Justification

To consider disclosure in multiple and inferred disclosures, not just single and explicit disclosure.

5. Clause 13(b) Non- patentable invention

Redraft the clause as follows:

(b) inventions contrary to public order, morality, public health and safety, public policy, principles of humanity and environmental conservation.

Justification

Add 'public policy' considering that public order, morality, public health and safety , principles of humanity and environmental conservation and welfare specify matters that reflect the common sense, common conscience and well settled public opinion relating to the duties of the citizens to their fellow citizens. These keep changing with the changing economic needs, social customs and moral aspirations of the people. Public policy provides room to adopting the interpretation of changing circumstances.

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6. Clause 21- Application for a patent.

a) Redraft Clause 21(5) as follows:

The description shall—

(a) Disclose the invention and all practicable modes, including specification of the best mode, of carrying out the invention known to the inventor at the filing date or, where priority is claimed, at the priority date of the application, in full, clear, concise and exact terms as to enable a person who has ordinary skills in the art to make use of and to evaluate the claimed invention;

Justification

To ensure availability of disclosures most likely to result in further carrying out of the invention.

b) Clause 21(6) Delete the words 'skilled in the art' in the fourth line of the provision and replace with 'who has ordinary skill in the art'.

Justification

Standard of disclosure should not be limited to 'skill in the art'.

7. Clause 32 Grant, registration and publication of a patent.

Add sub clauses 5- 13 to provide for post grant opposition procedures

5) In the event a patent is granted, any interested party may petition the registrar to reconsider the grant on the grounds that the patent fails any requirement of this Act.

6) The petition under this section must be filed within one calendar year of the published grant of the patent and shall specify the grounds thereof.

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- 7) An applicant can file only one post-grant opposition.
- 8) The notice of reconsideration shall identify the opposed granted patent, as well as the grounds that the opponent considers relevant to bar the grant as well as all relevant evidence.
- 9) The failure to meet the formal or substantive conditions of patentability in sections 9, 10, 11, 12, 13, 21 and 25 or in any Guidance from the Registrar may be alleged by the post-grant opponent.
- 10) The registrar shall give notice of the post-grant opposition in the Gazette.
- 11) The patent holder may within sixty days from the publication of the notice of opposition file a counter-statement.
- 12) The registrar may, if he or she considers fit, grant a hearing pursuant to the Regulations made under this Act, at which the patent holder and the post-grant opponent may argue and counter-argue their case and submit additional evidence, if available, including oral evidence.
- 13) The registrar may reverse or revoke the grant of the patent if satisfied that it fails to meet formal or substantive conditions of patentability.

Justification

To adopt an administrative post-grant opposition procedure in line with the EAC guidelines. Post grant opposition procedures are less costly and inexpensive.

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8. Clause 35- Unsearched or unexamined international applications

Clause 35(4) insert words 'inventive step, industrial applicability, or required disclosure' between the words 'novelty, 'and 'unless' in the fourth line of the provision.

Justification

- To include the criteria for patentability.

9. Clause 38

- a) Delete Clause 38(1) (c)

Justification

The clause limits patents on new uses which inhibits innovation.

10. Clause 39- Obligations of the owner

- (a) Clause 39(a) Substitute the words 'at least one' in the second line of the provision with the word 'best'.

Justification

- To have the best mode to facilitate more innovation.
- (b) 39(b) Insert the following after the word grants in the second line of the provision 'including denials, revocations, invalidations, suspensions or lapses;

Justification

- For clarity.

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11. **Clause 40 Remedies**

- (a) Clause 40 (1) (a) Replace the word section 39 with section 38 in the last line of the provision.

Justification

- To correct a typographical error.

12. **Clause 43- Limitation of rights**

Delete Clause 43(4) and (5)

Justification

- They are redundant. These are provided for under Clause 41 on rights of a prior user.

13. **Clause 44- Exception to exclusive rights**

- (c) Clause 44(a) insert the words ' or research on' between the words 'use' and 'on' in the first line of the provision.
(b) Clause 44(b) insert the word 'or educational' between the words 'teaching and purposes'.

Justification

- To broaden the clauses to include research and educational purposes.

14. **Clause 96- Criminal Proceedings**

Delete Section 96

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Justification

- It is undesirable to criminalize patent infringement since the validity of patent claims is so hard to determine and since there is a general interest in competition. The patent holder has many other infringement remedies.

The EAC *Guidelines on the Utilization of Public Health Related WTO-TRIPS Flexibilities and the Approximation of National Intellectual Property Legislation* also do not recommend use of criminal proceedings in patent infringement claims. In addition, the March 2012 stakeholder consultative meeting noted:

- Whether or not there is patent infringement, only specialists will be able to determine that infringement. Such capacity is lacking in Uganda's criminal courts.
- That a person may not even be aware that his/ her act is infringing a patent;
- That getting accurate information about patent status is difficult and often impossible in LDCs.
- That a patent granted may still be found invalid or revoked when scrutinized by courts, due to lack of patentability requirements, insufficient disclosure, or other reasons;
- That criminal sanctions could be abused by patent holders to intimidate competitors and force them out of market even if infringement did not exist;
- That criminalizing patent infringement will hurt local SMEs since they will be deterred from attempting to "reverse engineer" or "invent around" an invention for fear that there could be a potential patent infringement.

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- That even in developed countries patent infringement is not dealt with criminal sanctions as a preferred method.
- That patent rights are individual property rights that need not make use of the state's meager funds to enforce their rights.

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