

**ADDIS ABABA UNIVERSITY  
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**The Ethiopian Patent Regime and Assessment of its  
compatibility with TRIPS Agreement**

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## Acronyms

IPRs	Intellectual Property Rights
WTO	World Trade Organization
TRIPS	Agreement on Trade-Related Aspects of Intellectual Property Rights
FDI	Foreign Direct Investment
PBRs	Plant Breeders Rights
UPOV	<b>International Convention for the Protection of New Varieties of Plants</b>
FTAs	Free Trade Agreements
TNC	Transnational Corporation
GAAT	General Agreement on Tariffs and Trade
USTR	United States Trade Representative
GSP	Generalized System of Preferences
NFTA	North American Free Trade Agreement
EIPO	Ethiopian Intellectual Property Office
WIPO	World Intellectual Property Office
IPC	Intellectual Property Committee
IP	Intellectual Property

## **Abstract**

The TRIPS agreement provides obligatory substantive minimum standards and enforcement procedures and remedies .Hence, members and acceding sates are required to make their intellectual property legislations compatible with the TRIPS minimum standard of protection. Focusing on patent, this paper seeks to assess the compatibility of the Ethiopian patent regime with the TRIPS minimum standard of protection. Mostly, the assessment focused on issues which relate with the substance of patent. To this effect, relevant legislations and administrative and court practice are assessed in light of the TRIPS minimum standards of protection. Additionally, this paper tries to sort out the way outs, to minimize or alleviate the negative impact of the TRIPS agreement, in the upcoming Ethiopian WTO accession.



## Chapter one: Introduction

### 1.1. Background

Amazingly, the issue of Patent passed through different historical phases and intellectual discourses. Ironically, unlike the case of the current thinking, in the 19<sup>th</sup> century patent was considered as against free trade which restricts the exchange of goods and services. Hence, many argued against the grant of monopoly rights under the guise of patent protection.<sup>1</sup> Until the end of 19<sup>th</sup> century, matters related with patent were left to the treatment of each sovereign state. Because of the lack of international consensus, countries had designed a patent system which discriminate foreign inventors so as to achieve some overriding objective. In the late 19<sup>th</sup> century, because of the expansion of trade among different states, inventors and manufacturers demanded for strong patent protection. Still proponents of free trade, particularly trade associations lobbied against patent grant. The year 1873 can be considered as a turning point of patent protection under the international arena. In the Vienna international Exhibition held in Austria in 1873, merchants were not willing to participate because they feared that their idea would be stolen. Because of this incident, Paris convention on the protection of Industrial property was signed among 11 states in 1883.<sup>2</sup>

Paris Convention was the first convention which promotes industrial properties protection under the international level. However, Paris convention has not prescribed specific substantive standards of patent protection. Rather, Paris convention prescribes fundamental principles of 'national treatment' and 'right of priority', that all members are obliged to apply uniformly. Hence, members designed their patent system based on their particular circumstance and objectives. As a result, patent laws significantly stipulated divergently different substantive and procedural rules throughout the world. The most important achievement of Paris convention is the facilitation of patent grant in more than one country based on the principle of national treatment and priority right.<sup>3</sup>

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<sup>1</sup>.Cicero Gontijo, "Changing the patent system from Paris Convention to the TRIPS Agreement: the Position of Brazil," The Global Issue Papers, No.25,2005,P.5,available at [www.fcl.org](http://www.fcl.org), last visited on 24 April,2010

<sup>2</sup>.Getachew Mengistie, "The Impact of the International Patent System on Developing Countries," Journal of Ethiopian Law, Vol. xxxIII No.1,2009,P.177

<sup>3</sup>.Laurence R. Helfer, "Regime Shifting: The TRIPS Agreement and New Dynamic of International Intellectual Property law making," 29 Yale Journal of International Law,2004,P.536

To minimize the shortcomings of intellectual property conventions, developed countries under the supervision of USA and Japan brought intellectual property issues to the multilateral trade negotiation during Uruguay Round, under the frame work of the General Agreement on Tariffs and Trade. After cumbersome negotiations, the TRIPS agreement entered in to force on 1 January 1995.<sup>4</sup>

Opposed to the former conventions, TRIPS agreement provides mandatory standards which require member states to implement uniformly. Therefore, acceding states are obliged to make their legislations compatible with the TRIPS minimum standards of protection. TRIPS agreement advocates stronger form of patent protection without considering the difference among countries in terms of innovative capacity and economic development. Based on the TRIPS negotiation process, it only reflects the needs and interests of developed countries which have stronger innovative capacity. Many scholars argue that TRIPS agreement has negative impact on developing and least-developing countries.<sup>5</sup> It expects almost uniform kinds of commitment without consideration of differences among member states. If a given state wants to join WTO, one of the obligations is to make its legislations compatible with TRIPS mandatory requirements including its patent legislations.

Ethiopia has already started the accession process to join WTO. For the successful accomplishment of the accession process, acceding states are required to make change on their legislations including patent legislations based on the mandatory stipulations of WTO agreements. In present situation of Ethiopia, it is not appropriate to make the patent system stronger so as to protect to the highest level. Because, it only gives benefit to foreign patent

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<sup>4</sup>. Getachew Mengistie, Supra footnote 2,P.180

<sup>5</sup>. Report of Commission on Intellectual Property Rights and Development Policy, “Integrating Intellectual Property Rights and Development Policy,” London, 2002, David Demiray, “Intellectual Property and the External Power of European Community: The new Extention,”16 Mich.J. of Int,L,1995, Assafa Endeshaw, “The Paradox of Intellectual Property Law making in the New Millennium: Universal Templates as Terms of Surrender for Non-industrialized Nations: Piracy as offshoot,”10 Cardozo J. Int’l and Comp.L.47 (2002), Susan Sell, “Powers of Ideas: North South Politics of Intellectual Property and Antitrust”, State University of New York Press,1988, Fikeremarkos Merso, “Ethiopian’s WTO Accession: A Strenuous Step For a Poor Nation Seeking Economic Prosperity,” Action AID Ethiopia Publications,2005, Fikeremarkos Merso, “Ethiopian Accession; A Strenuous Step for a Poor Nation Seeking Economic Prosperity”, Action Aid Publications,2005 Getachew Mengistie, “The Impact of the International Patent System on Developing Countries,” Journal of Ethiopian Law, Vol. xxxIII No.1,2009

holders and permits monopolization of knowledge in disregard of the needs and interests of the society at large. However, the TRIPS agreement urges acceding states to take their patent system up to the required standard. In the accession process, in relation with TRIPS, Ethiopia does not have alternative means; the only option is to make patent legislations compatible with TRIPS agreement minimum standards of protection.

To this effect, to sort out the compatible and incompatible provisions and practices, the existing Ethiopian patent regime needs to be assessed in light of TRIPS minimum standards of protection.

## **1.2. Statement of the problem**

Countries sovereignty includes the power to promulgate laws based on their particular circumstances. Because of the contentious nature of patent, countries had designed their patent systems based on their innovative capacity and objectives. Until the end of 20<sup>th</sup> century, there was no any international obligatory consensus as to the standard of patent protection. However, TRIPS agreement came up with minimum standards of protection which obliged members or acceding states to make their legislation in line with the minimum standards of protection. As mentioned earlier, Ethiopia is in the accession process to join WTO. As a prerequisite, Ethiopia has obligation to make the patent regime compatible with TRIPS minimum standards of protection. From the perspective of patent, at least TRIPS agreement stipulates mandatory standard related with patentable subject matters, basic requirements of patentable inventions, non-patentable inventions, rights of patentee, conditions of patent application, limitation of rights, requirements of compulsory license.....etc.<sup>6</sup>

For the positive end of the accession process, it is necessary to sort out the incompatible provisions. Some of the provisions of the proclamation are easily identifiable whether they are compatible or incompatible with the TRIPS minimum standard but some of the provisions need a critical assessment. For instance, from the mere reading of the proclamation and the TRIPS counterpart, any person can sort out the incompatibility of the provision which deals about the duration of protection. TRIPS agreement promotes stronger patent protection based on the needs and interests of developed countries which have highest innovative capacity. Thus, because of the degree of protection promoted by TRIPS, it is very likely to find out incompatible stipulations under the Ethiopian patent regime. The prime task of this research is to assess the

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<sup>6</sup>.“Agreement on Trade-Related Aspects of Intellectual Property Rights,” Apr. 15,1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, [hereinafter TRIPS Agreement],Article 27-34

compatibility of Ethiopian patent regime with TRIPS agreement minimum standards of protection and to show the way out in the area where the Ethiopian patent regime is incompatible with TRIPS agreement.

As stated earlier, TRIPS agreement advocates stronger form of patent protection. In the negotiation process, developed countries had advocated the inclusion of standards which permit stronger form of protection and the TRIPS agreement reflects this demand. Hence, many scholars argue that TRIPS agreement only benefits those countries which have a well-developed innovative capacity and it has a negative impact on those countries which only have few prospective inventors.<sup>7</sup> In the upcoming Ethiopian accession, the Ethiopian patent regime will give stronger patent protection based on the TRIPS minimum standards of protection. The level of protection in most of the case co-relate with the degree of innovative capacity of the country. For instance, in the 1960 and 1970s, south-east Asian countries because of their poor innovative capacity, they had designed weakest patent system which permits imitation of foreign patent inventions so as to develop their indigenous technological and innovative capacity.<sup>8</sup> However, the agreement precludes such kinds of policy options and without taking in to account the difference in terms of innovative capacity among countries, TRIPS agreement urges the harmonization of patent system, relatively which gives stronger protection.

In the existing circumstance of Ethiopia, stronger form of patent protection is not in line with the country's particular circumstance. Because, the innovative capacity of the country is very poor, most of the inventions of which are minor inventions protected under the utility modal certificate. In this case, the existence of stronger form of patent protection only benefits foreign patent holders and it has negative impact on the interests and needs of the society. For instance, in the upcoming accession the period of patent protection will extend to twenty years. This gives additional period of monopoly in disregard of the interest of the society. However, to be a member of WTO it is mandatory to make change based on the TRIPS minimum standards of protection even though TRIPS has negative impact. Research must be conduct to sort out a way

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<sup>7</sup>. Supra footnote 5

<sup>8</sup>. Kumar, N., "Intellectual Property Rights ,Technology and Economic Development: Experience of Asian Countries", Commission on Intellectual Property Rights Background paper 1b,Comission on Intellectual property Rights,London,2002, PP.27-35 Cited at, Report of Commission on Intellectual Property Rights and Development Policy, "Integrating Intellectual Property Rights and Development Policy," London, 2002, ,P,20

out to minimize the negative impact of the TRIPS agreement and at the same time to make the patent system in compliance with minimum standards of protection.

Some argue that TRIPS flexibilities or loopholes can be used so as to alleviate or reduce the negative impact of the agreement on developing and least-developed countries.<sup>9</sup> For instance, the agreement does not provide the meaning of the term ‘invention’ and also failed to define the three criteria for patentability (novelty, inventive step and industrial applicability). This will give a considerable amount freedom to members in defining the above elements. Hence, members are at liberty to determine the scope of patentability based on their own definition of the above basic elements, taking in to account their particular circumstances. In the Ethiopia context, it is important to research how those flexibilities and loopholes under the TRIPS agreement can be used, based on the level of innovative capacity and developmental objectives so as to minimize the negative impact of TRIPS agreement. This research paper aims to explore possible way outs of the utilization of flexibilities and loopholes under the TRIPS agreement, so as to minimize the negative impact of the agreement, based on the level of innovative capacity and objectives under the Ethiopian patent regime.

### **1.3. Objectives of the research paper**

The research paper has the following objectives;

- To assess the compatibility of Ethiopian patent regime with TRIPS agreement.
- To point out possible way outs in case when the Ethiopian patent regime is incompatible with TRIPS agreement.
- To point out possible way outs related with how flexibilities and loopholes under TRIPS agreement can be utilized in the context of the level of innovative capacity, development standards and objectives of Ethiopian patent regime.

### **1.4. Significance of the Study**

This paper is significant in:

- Showing the compatible and incompatible provisions or practices under Ethiopian Patent Regime based on mandatory minimum standards stipulated under the TRIPS agreement.

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<sup>9</sup>. Abhinav Surana, “Using TRIPS Flexibilities to Promote Access to Medicines with Special Reference to India Product Patent Regime,” National Law University, Jodhpur,2006,P,1 available at [www.ssrn.net](http://www.ssrn.net), last visited on 10/14/2010

- Recommending possible solutions to the incompatible provisions or practices under the Ethiopian Patent Regime.
- This research can be used as reference for the legislative process in the area.
- Serving as an input for further research in this area

### **1.5. Scope of the research paper**

As a country on the way of joining WTO, it is important to make all relevant legislations compatible with the mandatory requirements of all agreements under the multilateral trading regime. More specifically, Ethiopian patent regime needs to be compatible with TRIPS agreement. The scope of this research paper is limited to the assessment of compatibility of Ethiopian patent regime with the TRIPS agreement. This research paper does not try to deal each and every matter under the Ethiopian patent regime; rather it tries to deal based on TRIPS minimum standards of protection. Ethiopian patent regime includes Inventions, Minor Inventions and Industrial Designs Proclamation and the Regulation and also includes the practice in the Ethiopian Intellectual property office.

### **1.6. Research Methodologies**

The research will be conducted based on:

- Literature review which aims to critically assess relevant theoretical matters.
- Analysis of relevant legislations (Proclamation Concerning Inventions, Minor Inventions and Industrial Designs, Proclamation No.123/1995 and Council of Ministers Regulation No.12/1997, Inventions, Minor inventions and Industrial Design Council of Ministries Regulation) and administrative and court practices in the Ethiopian patent regime with the relevant provisions of TRIPS agreement.
- Interview with appropriate organs and scholars.

### **1.7. The Research Questions**

- What are the compatible or incompatible provisions or practices under Ethiopian patent regime with regard to the TRIPS agreement?
- How incompatible provisions or practices under the Ethiopian patent regime can be amended to make them compatible with the TRIPS agreement?
- How flexibilities and loopholes under the TRIPS agreement can be used based on our country development level and to achieve some overriding public policy objectives?

## CHAPTER Two

### General Overview of Patent System

#### 2.1. Patent in General

##### 2.1.1. Meaning and Nature of Patent

A patent has been defined as a “*grant... to inventors and to other persons deriving their right from the inventors, for a limited period of years, conferring on them the right to exclude others from manufacturing, using or selling a patented product or from utilizing a patented method or process.*”<sup>10</sup> It is a legally binding monopoly which gives to the patentee an exclusive right to exclude third parties. To grant a patent protection, it is mandatory to have legislations which deal about the requirements for patent grant and stipulations related with how an inventor is entitled to patent grant. Unlike the case of copyright, patent is granted by government after the appropriate office examines the satisfaction of essential substantive and procedural requirements stipulated by the relevant legislations. In case of copy right, the author is automatically entitled to protection after the author fixes his original idea on tangible material.

Originally, the term patent emanated from Latin word ‘Patere’, which means “*to lay open*” (i.e. *to make available for public inspection*) and “*more directly as a shortened version of the term ‘letters patent’, which originally, denoted an open for public reading royal decree granting exclusive rights to a person*”.<sup>11</sup> From the etymological meaning of patent, we can understand that general conception of patent is dependant up on disclosure of new ideas or inventions. Based on its feature, patent can be analogized as a contract between an inventor and a government. As a contract, the two parties have reciprocal obligations. The inventor has obligation to disclose his or her invention. In exchange, the government gives patent to an inventor for fixed period of time.<sup>12</sup> The disclosure aspect is very important because any person can use the technological information as an ingredient for a future invention. Even after the expiry of fixed period where protection lapses, any person can use the invention based on the disclosed information.<sup>13</sup>

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<sup>10</sup>. Vedaraman.S., “Patents: Recent Developments and future prospects on the National Level in India” WIPO Lectures, Montreaux, 1971, Cited by Yash Vyas et al. eds., in: Patents and Development, available at <<http://www.ielrc.org/content/a9401.pdf>, lastly visited on 25 August 2010

<sup>11</sup>. “Definition of patent” available at <<http://www.Wikipedia.com>, last visited on 24 April, 2010

<sup>12</sup>. Kreith, F.; et al. “Patent law and Miscellaneous Topics :Mechanical engineering Hand book,” Boca Raton: CRC Press LLC, 1999, P.3

<sup>13</sup>. Ibid



Under the Ethiopian patent legislation, proclamation No. 123/1995 (here in after referred to as the proclamation), the term patent is defined as “*the title granted to protect an invention.*”<sup>14</sup> The definition given by the Proclamation is narrow stipulation of patent, because it fails to include the basic elements constituting patent.

Most literatures state that the act of invention by itself vests an inventor with a natural right to make, use and sell of that invention.<sup>15</sup> It is not necessary to apply to get permission to exercise positive rights by the inventor. An inventor has a natural right to make, use and sell of his/her invention. The main purpose of patent grant is to enlarge the natural right into the right to exclude others from making, using and selling of patented inventions.<sup>16</sup> In US, until the promulgation of the 1952 patent act, the previous statutes described patent right as an “exclusive right”, which only denotes positive rights to make, use and sell of patented invention by the inventor. However, legal scholars like Judge Rich argued that the main purpose of patent grant is to confer the inventor the right to exclude others from making, using and selling of the subject matter claimed in the patent.<sup>17</sup> In the writer’s opinion, the inventor has a natural right to make, use or sell of the invention without applying to this effect. Unless otherwise, making, using and selling of that particular invention is clearly prohibited by law. Hence, patent grant confers to the patentee the right to exclude third parties from making, using and selling of the invention protected under the patent.

As stated in the above discussion, patent protection is not a free lunch. Rather, for the purpose of patent protection each country stipulates certain level of substantive and procedural requirements. Depending up on each country reality and policy, requirements for the purpose of patent grant may be cumbersome or liberal.<sup>18</sup> However, at least an invention must be new, useful

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<sup>14</sup>. Proclamation Concerning Inventions, Minor Inventions and Industrial Designs, Proclamation NO.123/1995, *Negarte Gazeta*, 54<sup>th</sup> Year, no.25, Article, 2(5)

<sup>15</sup>. Robert L. Harmon, “*Patents and the Federal Circuit*,” 7<sup>th</sup> ed, BNB Books ,2005, P.14

<sup>16</sup>. Philip C. Swain, “*The one thing Judge Rich Wanted Everybody to know about patents*,” *The Federal Circuit Bar Journal*, Vol,9 No.2,2000, P.98

<sup>17</sup>. “Some scholars argue that inventors have a natural right to utilize his/her inventions based on his/her wish. However, the main purpose of patent grant is to enable patent holder to exclude third parties from using without his/her consent until the end of the period of protection.” *Ibid*

<sup>18</sup>. For instance, in 1960s and 70s south East Asian countries design weakest form of IP regime as one means of achieving their development objective. In the other spectrum, developed countries advocates stronger form of IP protection domestically as well in the international system.

and non-obvious. Even though a certain type of invention is new, useful and non-obvious, for some public policy reasons countries exclude certain type of technology from patent protection.<sup>19</sup> It should be noted that patent is not a forever grant. It is limited in time. In most of the cases, most countries recent statutes provide a monopoly period ranging between 15-20 years.<sup>20</sup> However, member states or acceding states of WTO are obliged to extend patent protection for a period of at least 20 years.<sup>21</sup> In case of copyright, the protection extends until the lifetime of the author. Even, successors of the author will enjoy the fruit of copyright protection for a certain period of time after the death of the author.<sup>22</sup> In this instance, it is nice to raise a question why a major departure is created in relation with duration of protection between patent and copyright. In the first place, the subject matter protected and the policy reasons behind patent and copyright protection are different. As we know patent has more intimate connection with technological aspects of the society than any other forms of intellectual properties.<sup>23</sup> In the view of this writer, taking into consideration the role of technology in the countries development as well in the life of each individual, policy makers only give shorter period of protection than any other forms of intellectual properties.

is an important principle of intellectual property which delimits the applicability of intellectual property rights only in the country where IPRs is granted. Hence, patent rights are only exercisable within the boundary of granting states. If a patentee desires protection in other country he/she has to apply for patent grant in accordance with the laws of that particular state.<sup>24</sup> Because of its subject matter, patent became the most debatable area of intellectual property protection in the global economy. In the Era of Globalization, technology is considered as one of the most important ingredients, to be in the first place in the competition.<sup>25</sup> We can measure the scale of the tension based on the extent and scope of patent protection provided under

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<sup>19</sup>.Countries to achieve their development objectives or other public policy reasons excludes certain type of technology from patent protection.

<sup>20</sup>.Kalkidan Kassaye, "Infringement of Patent and the Remedies thereto under Ethiopian law," Bahir Dar University Law Faculty, (Unpublished),2008,P.10

<sup>21</sup>. "Agreement on Trade-Related Aspects of Intellectual Property Rights," Apr. 15,1994,Marrakesh Agreement Establishing the World Trade Organization, Annex 1c,(hereinafter TRIPS Agreement),Article,33

<sup>22</sup>. Stephen Elias and Richard Stim, "Patent, Copy right and Trademark," 7<sup>th</sup> ed. ,Delta Printing Solutions,INC.,2004,P.75

<sup>23</sup>. Kalkidan Kassaye, Supra footnote 11,P.13

<sup>24</sup>. Yash Vyas etal.ed., "Patents and Development" ,available at<<http://www.ielrc.org/content/a9401.pdf>, lastly visited on 25 August 2010

<sup>25</sup>. Kalkidan Kassaye, Supra footnote 11,P.17

international treaties a century ago and now. For instance, the TRIPS agreement provides stronger form of protection than any other earlier intellectual property conventions. This resulted not unintentionally rather it is a result of lobby made by Multinational corporations and developed countries. Because, getting better protection under international patent system will give them a better market share and profit.<sup>26</sup>

To understand patent from its starting point, in the next sub-section the origin and development of patent will be discussed.

### **2.1.2. Origin and Development of Patent**

Historical development of patent goes back to many centuries in the past. Even some literatures state that around 500B.C. in Sybaris, Greece, there were monopolies granted to new dishes for a period of one year.<sup>27</sup> From this we can estimate that in one or in other way in the earlier periods there were trends, directly or indirectly related with patent. However, the origin of the present patent system goes back to medieval Europe.<sup>28</sup> In the Medieval period, monopolies were granted by sovereign or a state for one of several reasons including the establishment of commerce, trade and industry.<sup>29</sup> Generally, the origin of patent, like copy right, was in royal monopolies granted to certain type of business. In the medieval Europe some of these monopolies have been granted to innovations.<sup>30</sup> However, monopolies granted to new inventions are privileges not a property right.<sup>31</sup>

Between 1400 and 1432, the senate of Venice enacted a statute which gives a ten year exclusive privilege to inventors of any new machine or process. The primary purpose of the enactment was not to encourage local inventive activities rather to attract ingenious persons in to the republic.<sup>32</sup> The first modern patent law was promulgated in the year 1474 by the senate of the republic of

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<sup>26</sup>.Stefan Kirchanski, "Protection of US Patent Rights in Developing countries: US Efforts to Enforce Pharmaceutical Patents in Thailand,"16 LOY.L.A. Int'l and Comp.L.Rev.569,598,1994,P.57

<sup>27</sup>. Toshiko Takenaka, "Patent law and Theory A Hand book of Contemporary Research," Edward Elgar Publishing,Inc.,2008,P.101

<sup>28</sup>. Graham Dutfield and Umas Suthersanen, "Global Intellectual Property law," Edward Elgar Publishing Limited,2008,P.106

<sup>29</sup>. Carolyn Deere, "The Implementation Game," Oxford University Press,2009,P.45

<sup>30</sup>. Aaron Schwabach, "Intellectual Property-A Reference Hand Book,"ABC-CLIO,Inc.,2007,P.12

<sup>31</sup>. Carolyn Deere, Super footnote 20,P.50

<sup>32</sup>. Howard B. Rockman, "Intellectual Property law for Engineers and Scientists" , A John Wiley and Sons,Inc.,2004,P.52

Venice with the intent to encourage both ingenuity and the importation of new ideas.<sup>33</sup> The statute states that:

*“Be it enacted that, by the authority of this council, every person who shall build any new and ingenious device in this city, not previously made in our common wealth, shall give notice of it to the office of our general welfare board when it has been reduced to perfection so that it can be used and operated. It being forbidden to every other person in any of our territories and towns to make any further device conforming with and similar to said one, without the consent and license of the author, for the term of ten year.”*<sup>34</sup>

In England also a royal monopoly was granted to certain businesses including innovations. *“..... Special privilege and monopolies in trade, art and manufacture were voluntary grants on the part of sovereign, bestowed according to the pleasure of the crown and to the favored few on such terms and conditions as the sovereign deemed appropriate. Thus the sovereign in England had the power to grant letter patent for a great variety of things including monopolies and inventions.”*<sup>35</sup> In England, it is up to the willingness of the crown to give a monopoly right over certain type of trade or innovation. Importantly, it is open to bias or we could not sort out a requirement for the purpose of monopoly grant. Even, grant of monopoly right by the crown was against the act of Magna Carta which was enacted in 1215. Basically, Magna Carta emphasized on the anti-monopoly nature of commercial law and it advocates the freedom of individuals and groups to practice their professions and trade without domination of others.<sup>36</sup>

By virtue of its prerogative in matter of trade, the crown claimed the right to grant trade monopolies of all kinds.<sup>37</sup> However, the claim by the crown to grant monopoly right was resisted by the parliament. In 1623, the parliament succeeded in passing the famous statute of monopolies.<sup>38</sup> The statute of monopoly was promulgated, primarily, to prohibit monopolies granted by the sovereign. Patent was included not as a primary objective rather as an exception

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<sup>33</sup>. Toshiko Takenaka, Supra footnote 18,P.101

<sup>34</sup>. Ibid

<sup>35</sup>. Kalkidan Kassaye, Supra footnote 11,P.17

<sup>36</sup>. Howard C. Anawalt, *“International Intellectual property, Progress and the Rule of law”* , Computer and High Technology law Journal, Vol,19,2003,P.384

<sup>37</sup>. Matthew Fisher, *“Fundamentals of Patent law Interpretation and Scope of Protection,”* Hart Publishing,2007,P.40

<sup>38</sup>. Ibid

to the anti-monopoly stipulation of the statutes of monopoly.<sup>39</sup> In stipulating this exception, the government hoped to attract craftsmen throughout the world. This exception to anti-monopoly principle of the statute was considered as a basis for modern patent law.<sup>40</sup>

Under the England patent custom, monopoly privilege was granted not only to new inventions rather to inventions known or used elsewhere and brought in to the country for the first time. The major objective of England patent custom was to encourage importation of new trade and industry.<sup>41</sup> In the earlier period in England, letter of patent was considered as a privilege not as a property right. After the promulgation of statute of monopoly, patent grant has been considered as inherent right of the inventor or as a property right. Because of this transformation, the England patent custom was transferred into patent system, when patent was recognized as a form of property right than merely as a privilege.<sup>42</sup>

From the beginning up to the end of the 19<sup>th</sup> century, in Europe two antagonistic groups were formed. In the first spectrum, there were advocators of free trade who believed that patent protection restricts free exchange of goods and services.<sup>43</sup> In the other spectrum, advocators of patent like John Stuart Mill supported the existence of patent system as a means of stimulating invention.<sup>44</sup> Because of the controversy, countries like Switzerland and Netherlands revoked their intellectual property protections and even Germany followed in 1867.<sup>45</sup> Advocators of free trade justified their position based on different grounds. In 1851 Economists justified their position in the following way.

*“The privileges granted to inventors by patent laws are prohibitions on other men, and the history of inventions accordingly teems with accounts of trifling improvements patented, that have put a stop, for a long period, to other similar and much improvements..... The privileges have stifled more inventions than they have promoted..... Every patent is a prohibition against improvements in a particular direction, except by the patentee, for a certain number of years; and*

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<sup>39</sup> . Howard B. Rockman, Supra footnote 23,P.52

<sup>40</sup> .Ibid

<sup>41</sup> . Id.P.53

<sup>42</sup> .Ibid

<sup>43</sup> .Cicero Gontijo, “Changing the Patent system from the Paris Convention to the TRIPS Agreement :the Position of Brazil”, The Global Issue Papers,No.25,2005,,P.5, available at [www.fcl.org](http://www.fcl.org), last visited on 24 April,2010

<sup>44</sup> . Report of Commission on Intellectual Property Rights and Development Policy, “Integrating Intellectual Property Rights and Development Policy”, London, 2002, P.19

<sup>45</sup> . Cicero Gontijo, Supra footnote 34,P.5

*however, beneficial that may be to him who receives the privilege, the community cannot be benefited by it.... On all inventors it is essentially a prohibition to exercise their faculties, and in proportion as they are more numerous than one, it is an impediment to the general advancement....*<sup>46</sup>

From historical background of patent, we can understand its contentious nature. Each country designs, its patent system based on different guiding objectives. Patent system is not only concerned about private rights rather it also serves as an instrument to achieve certain policy objectives. Because of this critical fact, each nation's patent law may be changed whenever their guiding objective changes. Additionally, because of its strong attachment with economic development, countries promulgate patent laws based on their own existing circumstance.<sup>47</sup> For instance “...between 1790 and 1836 as a net importer of technology, US restricted the issue of patents to its own citizens and residents. Even in 1836, patents fee for foreigners were fixes at ten times the rate of for US citizens /and two thirds as much again if one was British/ only in 1861 were foreigners treated on an /almost wholly/ non-discriminatory basis.”<sup>48</sup> Until the adoption of the Paris convention in 1883, countries had ultimate legislative freedom to tailor the nature of their regime based on their own circumstances.<sup>49</sup> However, still the convention confers considerable amount of freedom.

In the recent history of patent, East Asian countries designed weakest form of patent protection, taking in to consideration their particular circumstance. Weakest form of patent systems was designed so as to achieve their economic objectives and to develop their innovative capacity. For instance, “Taiwan and Korea between 1960 and 1980, during which their economies was transformed, both countries focus on imitation and reverse engineering to develop their indigenous technological and innovative capacity.”<sup>50</sup>

From historical development of patent regimes, we can understand that countries used their patent system to facilitate technological learning and to promote their own policy objectives. However, this freedom of countries was restricted after the introduction of IP in the multilateral

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<sup>46</sup> . Report of Commission on Intellectual Property Rights and Development Policy, Supra footnote 35,P.19

<sup>47</sup> . Fikeremkos Merso, “Ethiopian Accession; A Strenuous Step for a Poor Nation Seeking Economic Prosperity.” Action Aid Publications,2005,P.145

<sup>48</sup> . Report of Commission on Intellectual Property Rights and Development Policy, Supra footnote 35, P.18

<sup>49</sup> .Ibid

<sup>50</sup> .Id.P.20

trading regime. TRIPS agreement influences Intellectual Property regime all over the world in terms of minimum substantive standards, enforcement and dispute settlement.

For a long period of time in the past, in Ethiopian we did not have a legislation which governs patent protection. In 1995 “proclamation concerning inventions, minor inventions and industrial design” was promulgated and the implementing regulation was issued in 1997.

### **2.1.3. Objectives and Justifications of Patent Protection**

Throughout the world Patent systems were established with different objectives other than rewarding the inventor. In the earlier history of patent development, primarily, patent protection was considered as a best mechanism to attract inventors from outside of that state.<sup>51</sup> The objectives of each patent system are different based on their existing circumstance and development objectives. Even a country may change its objective, whenever, the important element to set that objective changes.

Patent systems also have objectives related with inventors. Patent grant to inventor is a reward to his/her valuable contribution by the general public through government.<sup>52</sup> The grant of monopolies right to the inventor is not a primary objective of patent systems; rather it is an incentive to an inventor which used as an ingredient to achieve other public policy objectives. Because, without such kinds of incentives, it is difficult to get, inventors who devote in research and development for the only benefit of the general public.<sup>53</sup>

To achieve different economic and social objectives through inventions, firstly, it is mandatory to give some sort of incentives to inventors. For instance, US constitution, gives a power to congress “*To promote the progress of science and the useful Arts, by securing for limited terms to Authors and Inventors the exclusive right in their respective writings and discoveries*”.<sup>54</sup> US constitution followed instrumental approach. Congress promulgates patent laws to promote the progress of useful arts, by securing for limited terms to inventors the exclusive right in their respective discoveries. Under US Constitution, incentives to inventors are considered as a means to achieve the primary objective to promote the progress of useful arts.

We can sort out the main guiding objectives of Ethiopian patent system from the reading of the preamble of the proclamation. The main objectives of Ethiopian patent system are:-

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<sup>51</sup>. Aaron Schwabach, Supra footnote 21,P.12

<sup>52</sup>. Joseph A. Greenwald, “Technological Development and International Patent System” Journal of The Patent Office Society, Vol.xxxIII, No.1, 1951, P.6

<sup>53</sup>. Ibid

<sup>54</sup>. US Constitution, Article I, Sec. 8

- *To create favorable conditions in order to encourage local inventive and related activities thereby building up national technological capability,*
- *To create and encourage the transfer and adoption of foreign technology by creating conducive environment to assist the nations development effort of the country and*
- *To fulfill the nation’s multidimensional demand for a harmonious scientific and technological progress, to be used for the public benefits.*<sup>55</sup>

Basically, the proclamation stipulates objectives of the Ethiopian patent system. Ethiopian patent system operates for the achievement of the above objectives. The critical question is, whether objectives of our patent system have been achieved or still they are not yet achieved. To amend the patent legislations based on current needs and interests, it is mandatory to conduct research in this issue.

Different scholars and practitioners give different justifications for the existence of patent system. The most pragmatic justification is given by Aldous J. in the case between Chiron Corporation Vs organon Teknik Ltd.

*“.....it is generally accepted that the opportunity of acquiring monopoly rights in an invention stimulates technical progress in at least four ways. First it encourages research and invention: secondly; it induces an inventor to disclose his discoveries instead of keeping them a secret: thirdly, it offers a reward for the expenses of developing inventions to the state at which they are commercially practical and, fourthly, it provides an inducement to invest capital in the lines of production which might not appear profitable if many competing producers embarked on them simultaneously... it is inherent in any patent system that a patentee will acquire a monopoly giving him a right to restrict competition and also enabling him to put on at least maintain competition and also enabling him to put up or at least maintain prices. That affects the public and is contrary to the public interest, but it is the recognized price that has been accepted to be necessary to secure the advantages to which referred.”*<sup>56</sup>

Different scholars and practitioners give different kind of justifications for the existence of patent system. However, in the next pages general justifications of patent systems will be discussed.

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<sup>55</sup>. Proclamation NO.123/1995, Supra footnote 5,Preamble

<sup>56</sup>. Peter J. Groves, “A Source book on Intellectual Property Law”, Cave dish Pub.Ltd,London,1995,P.325



### A. Patent as an Incentive to Invention or Innovation

The existence of patent system was traditionally justified by its effect in stimulating innovation. Thomas Jefferson in his speech said that *“The issue of patents for new discoveries has given a spring to invention beyond my concession.”*<sup>57</sup> Historically speaking, there was agreement as to the positive impact of patent protection in stimulating innovations. Because of monopoly right provided by the patent system, inventors are encouraged to disclose their inventions. Without the existence of patent system, it is difficult to get inventions for the benefit of the society. Only persons who have philanthropic personality like Alexander Fleming, who discovered penicillin in 1929, disclosed their invention to the benefit of the general public without any expectation of reward.<sup>58</sup>

Patent grant gives to the holder of a patent right an exclusive ‘monopoly’ for a limited period of time. *“This will enable them to control the commercial exploitation by setting the level of revenue arising from their use and safeguarding it by excluding others from making, selling, or using it.”*<sup>59</sup> Such kind of legal protection stimulates further innovations. In this instance, policy makers have to ensure that, the social benefit derived from innovations outweighs the social cost.<sup>60</sup>

However, recent economic analyses have proposed somewhat a different interpretation from the traditional view.

According to Judith Chin and Gene Grossman, developed nations are a major source of innovation but developing nations are engaged in imitation. Hence, developing nations have little incentive to agree on stronger form of IP protection because developing countries are not competitive in the output market. Weakest form of protection may be advantageous to least-developed nations. Because, based on imitation of inventions from developed nations, they can get higher global share of production output.<sup>61</sup>

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<sup>57</sup>. Aaron Schwabach, Supra footnote 21, P.12

<sup>58</sup>. Kalkidan Kassaye, Supra footnote 11, P.17

<sup>59</sup>. W.R. Cornish, *“Intellectual Property: Patents, Copyrights, Trade Marks and Allied Rights”*, London, Sweet and Max well 38, 1999, Cited by; Wei Shi in *Intellectual property in the Global Trading System, EU-China Perspective*, Springer Berlin Heidelberg, 2008, P.28

<sup>60</sup>. Wei Shi, *“Intellectual Property in the Global trading system: EU-China Perspective.”* Springer Berlin Heidelberg, 2008, P.28

<sup>61</sup>. Judith Chin and Gene Grossman, *“Intellectual Property Rights and North-South Trade,”* 1988 NBER Working Paper, NO.2769, available at :<<http://www.nber.org>>, Cited by; Wei Shi in *Intellectual property in the Global Trading System, EU-China Perspective*, Springer Berlin Heidelberg, 2008, P.29

Additionally, many scholars argue against the traditional justification of patent protection. In the country where knowledge gap is significant and domestic invention is scarce, the existence of stronger IP protection does not stimulate invention rather it has negative impact on the overall welfare of that country.<sup>62</sup> Michele Boldrin and David Levine disagree with the stimulating impact of patent protection in the following manner.

*“while awarding a monopoly to an innovator increases the pay-off to the original innovator, by giving her control over subsequent uses of the innovation, it reduces the incentive for future innovation.....economic theory shows that perfectly competitive markets are entirely capable of rewarding and they by stimulating innovation, making copy rights and patents superfluous and wasteful.”<sup>63</sup>*

In the writer’s opinion, patent protection is not an end rather it is a means to achieve the end. As stated in the above discussion, the existence of patent system is justified by its impact in stimulating innovation. But, stronger patent system can be incentive to innovation only in case when other determinant factors are fulfilled. For instance, in Ethiopia’s patent regime up to the year 2006, a single patent was granted to a local research institute.<sup>64</sup> From this we can understand that, patent protection can be incentive to future innovations when other determinant factors (such as, finance, existence of research institutes, research culture ....etc) are fulfilled.

With regard to the Ethiopian perspective, the proclamation claims to be there to encourage local inventions and related activities thereby building up technological capability. The policy makers have also realized the importance of the need to encourage the transfer and adoption of foreign technology by creating conducive environment to assist national development efforts of the country.

## **B. Patent and Transfer of Technology**

The existence of a patent system and effective mechanism of enforcement of patent rights are the major determinant factor for technology transfer and investment.<sup>65</sup> Patent has a major role in

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<sup>62</sup>.Stephen Richardson and James Gaisford, “North-South Disputes over the protection of Intellectual Property”,29 Canadian Journal of Economics 9 Special Issue) , 1996,pp.376-381,Cited by; Wei Shi in Intellectual property in the Global Trading System, EU-China Perspective ,Springr Berline Hedelberg,2008,P.30

<sup>63</sup>.Michele Boldrin and David K. Levine, “Perfectly Competitive Innovation”, Working Paper Archive From UCLA and Department of Economics 920030,SScent,UCLA, available at <http://Levine.SScnet.Ucla.edu, Cited by, Wei Shi in Intellectual property in the Global Trading System ,EU-China Perspective ,Springr Berline Hedelberg,2008,P.31

<sup>64</sup>.Getachew Mengistie, “The Impact of the International Patent System on Developing Countries,” Journal of Ethiopian Law, Vol.XXIII,No.1,P.164

<sup>65</sup>. Id.P.170

facilitation of transfer of technology. However, a mere existence of patent system does not encourage a more rapid and effective transfer of technology. Rather, to encourage transfer of technology, the patent system must confer inventors, stronger form of protection. Policy makers of developed nations, assert that stronger form of intellectual property protection encourages a more rapid and effective transfer of technology.<sup>66</sup>

Multinational corporations, in the first place, analyze countries patent system before they decide to invest in that particular country. In the IFC discussion paper (“IPR protection, Foreign direct investment, and technology transfer” IFC discussion proper No. 19, which released in 1994), an affiliate of the World Bank, conduct a survey on major global corporations in Germany, Japan and the United States on the importance they attach to IPR protection in making FDI and IPR decisions.<sup>67</sup> The discussion paper concluded that, “...in certain relatively high-technology industries likes chemicals, pharmaceuticals, machinery, and electric equipment, a country’s system of IPR protection often has a significant effect on the amount and kinds of technology transfer and direct investment....”<sup>68</sup>

As it has been discussed, stronger patent system facilitates transfer of technology through FDI and licensing agreements. Some scholars also argue that, in case of developing country, the principal justification for the existence of patent system is its role in facilitation of transfer of technology.<sup>69</sup> For effective transfer of technology, countries have to have a capacity to absorb knowledge from patented inventions and then make use and adapted it for their own particular circumstance.<sup>70</sup> However, in the least-developed countries because of their poor capacity to absorb knowledge from patented inventions, even in the existence of stronger form of patent protection, they do not achieve their objective of transfer of technology.

### **C. Patent as a Source of Technological Information**

Grant of monopoly rights to inventors encouraged inventors to disclose their inventions. As a prerequisite for a patent grant, inventors must disclose their invention in a manner sufficiently

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<sup>66</sup>.Laurence R.Helfer, ”Regime Shifting: The TRIPs Agreement and New Dynamic of International Intellectual Property law M aking,”29 Yale Journal of International Law,2004,P.2

<sup>67</sup>. Wei Shi, Supra footnote 51,P.35

<sup>68</sup>.Ibid

<sup>69</sup>. Getachew Mengistie, Supra foot note 55,P.170

<sup>70</sup>.Stronger patent system by itself is not the only determinant factor for successful transfer of technology. Additionally, countries must develop a capacity to absorb foreign technologies and applied the transferred technology based on their particular circumstance.

clear and complete to be carried out by a person skilled in the art. The rationale behind this requirement is to facilitate the use and dissemination of technological information.<sup>71</sup> Based on the disclosed technological information, when the monopoly right expired, any individual can exploit the invention or in some exceptional circumstance (i.e. compulsory license) even before the expiry period of protection.<sup>72</sup>

## **2.2. Patent Protection under the International System Prior to TRIPS Agreement**

### **2.2.1. Why Patent Protection under the International System?**

As it has been discussed, patent protection passed through different stage of development. Countries designed their patent system based on their particular condition to enable them to achieve certain policy objectives. Hence, patent systems around the globe became divergently different. Additionally, rights emanates from patent grant only applicable in the territorial boundary of the granting state. Generally, the application of intellectual property rights is only delimited to the boundary of granting state. Because of this fact, inventors have to apply in each and every country where the protection was desired. In the 19<sup>th</sup> century, this feature of patent rights made patent protection difficult.

Generally, 19<sup>th</sup> century was characterized by the emergence of industrialization and expansion of international trade. In this instance, international movements of goods necessitate patent protection in more than one country.<sup>73</sup> If inventors want to get protection in different countries, they have to submit patent application simultaneously in all over countries where the protection were desired. However, application in one country destroys the “novelty” of the invention for the subsequent applications.<sup>74</sup> In the application process, inventors had to comply with radically different procedural and substantive standards. Even, in the countries like USA, foreign inventors were treated discriminatorily. These divergent systems of patent protection necessitated at least minimum multinational patent protection framework.<sup>75</sup>

The exhibition held in Vienna in 1873, can be considered as a turning point for patent protection under international arena. Manufacturers and inventors were not willing to participate in the exhibition because of fear of their idea might be stolen. In that time, we did not find uniform

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<sup>71</sup> . Getachew Mengistie, Supra footnote 55,P,172

<sup>72</sup>.Ibid

<sup>73</sup>.Id.P.161

<sup>74</sup>.Gerald J Mossinghoff and Vivan J.Kuo, “World Patent System Circa 20xx,A,d”,IDEA-The Journal of law and Technology,Vol,38,No.4, 1998,P.532

<sup>75</sup>.Ibid

form of patent protection and even foreign patents were protected inadequately. Because of inadequate patent protection, inventors were not willing to disclose their idea to the general public. The refusal of inventors to participate in the exhibition, led to the conclusion of Paris convention on the protection of industrial property in 1883.<sup>76</sup>

Prior to the conclusion of the Paris convention, countries protect foreign inventions inadequately and even some countries were not willing to extend protection to foreign inventions. Inadequate protections of foreign invention necessitate at least a minimum multinational patent protection framework. The only way out to minimize the above problems was to conclude international patent agreement. The main objective of international patent system (Paris convention) is not to replace national patent systems, rather to facilitate the protection of the interests of nationals or residents of a member state in another member state.<sup>77</sup> Simply, international patent agreement tried to minimize problems arising from the territoriality of patent rights and discriminations of foreign inventions.<sup>78</sup> Finally, the main reason for the establishment of international patent system was the problems raised because of the territoriality of patent protection.

Under international patent system, we can sort out different kind of instruments which deals directly or indirectly about patent. However, for the purpose of this paper only because of their importance Paris convention on Industrial property protection and Patent cooperative treaty is the subject of the next sub-sections.

### **2.2.2. Paris Convention on Industrial Property Protection**

In the second half of 19<sup>th</sup> century, because of increase in economic cooperation between states, protection of patent in the international arena became the main issue. Until the conclusion of Paris convention, protection of inventor's right was dependant up on reciprocity between the home country of the inventor and the foreign country in which the inventor desired protection.<sup>79</sup> The refusal of manufacturers and inventors to participate in the Vienna exhibition was a turning point for patent protection in the international system. After this incident mainly developed countries tried to set minimum standards in the international system. As a result of this effort, Paris convention on industrial property protection was concluded in 1883.<sup>80</sup>

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<sup>76</sup>. Getachew Mengistie, Supra footnote 55,P.177

<sup>77</sup>. Ibid

<sup>78</sup>.Id. P.175

<sup>79</sup>. Aaron Schwabach, Supra footnote 21,P.10

<sup>80</sup>. "The Original Signatories to the Paris Convention were Belgium, Brazil, France, Guatemala, Italy, Netherlands, Portugal, Salvador, servia, Spain and Switzerland." Gerald J Mossinghoff and Vivan J.Kuo, Supra footnote 65,P.532

The main objective of Paris convention is to set at least some sort of principles which can be applied by all member states. Before the conclusion of Paris convention, countries had patent laws promulgated based on their policy objectives. As a result, patent laws significantly stipulated divergently different substantive and procedural rules throughout the world. Divergence in terms of substantive and procedural rules had negative impact on foreign inventors. Paris convention did not prescribe specific substantive standards of patent protection. Rather, Paris convention prescribed fundamental principles of ‘national treatment’ and ‘right of priority’, which all members obliged to follow uniformly. However, there are common rules stipulated under the Paris convention, but these rules are not as such related with substantive issues of patent protection. Paris convention failed in providing substantive rules like patentable subject matters, rights of patentee, exceptions to the patentee rights and enforcement of patent right.

One of the main achievements of Paris convention is the inclusion of national treatment principle. Before the conclusion of Paris convention, many multilateral treaties operated based on reciprocal arrangement by which parties agree to do the same thing for one another or to retaliate in the same manner.<sup>81</sup> To alleviate the negative impact of reciprocal arrangement of treaties, Paris convention stipulates national treatment principle. As per Article 2 of the Paris convention, member states are required to extend similar treatment, to inventors from member states as they give to their own nationals. It is up to the member state to design stronger or weakest form of patent protection. However, the levels of protection extended to nationals have to extend equally to inventors from member states.<sup>82</sup>

Before the conclusion of Paris convention, if inventors want to secure patent protection in more than one state, they had to submit patent applications simultaneously in all countries where protection was desired.<sup>83</sup> One of the most important provision included under Paris convention is “priority right”. According to article 4 of the Paris convention, if an inventor duly filed an application in one of member state, the inventor has one year with in which to file a corresponding application in other member states in order to be beneficial of the initial filing date.

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<sup>81</sup>. William E. Schyler, “Paris Convention for the Protection of Industrial Property-A View of Proposed Revisions.” N.C.J.INT’L L. & COM.REG,1983,P.159

<sup>82</sup>. Ibid

<sup>83</sup>. Gerald J Mossinghoff and Vivan J.Kuo, Supra footnote 65,P.532

The importance of “priority right” is application filed with the priority right period will have priority over any intervening applications. Within one year the inventor has time to think where to apply. Applications by other individual between the first and the second application of the inventor, will precluded because the inventor has priority right over any application within one year period.<sup>84</sup> Additionally, other importance of priority right is, it preserves the novelty of the invention within the member states of the convention, notwithstanding any publication, exhibition or other act capable of destroying the novelty of the invention during priority period.<sup>85</sup> Generally, Paris convention played a major role in transforming territoriality of patent protection into international system. The above principles played pivotal role in facilitating patent protection under different patent systems. However, Paris convention failed to stipulate uniform form of substantive rules. Even enforcement of patent rights left to the treatment of each member states. Paris convention gives vast legislative freedom for each member states and only required equal treatment of nationals and foreigners from member states.<sup>86</sup>

### **2.2.3. Patent Cooperative Treaty**

Before and after the conclusion of Paris convention, applicants were required to file applications in each and every state for which patent protection is sought. As a result, inventors incurred enormous amount of cost for translations and local attorney fees.<sup>87</sup> To alleviate problems emanating from duplicative patent applications, US took the leading role in creating new multilateral treaty. As a result, the patent cooperative treaty was concluded in 1970.<sup>88</sup> The main objective of PCT is to minimize the duplicative efforts of examiners from various countries in reviewing formalities and conducting prior art search.<sup>89</sup>

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<sup>84</sup>. Seth M.Reiss, “Commentary on the Paris Convention For the protection of Industrial Property”, available at Lex-Ip.com,P.4,last visited on 24 April 2010

<sup>85</sup>. Ibid

<sup>86</sup>. Under Paris convention, member states are required to extend equal treatment to their nationals and inventors from member states. However, members only obliged to extend similar levels of protection, even if, the level of protection is inadequate. The main objective of Paris convention is not to set adequate levels of protection rather to facilitate patent grant to foreign inventors from member state in the other member states.

<sup>87</sup>. Laurence R.Helfer, Supra footnote 57, P.535

<sup>88</sup>. Getachew Mengistie, Supra footnote 55,P.179

<sup>89</sup>. PCT has a major benefit to developing and least developed countries. Because, these countries does not have experts who have sufficient technical capability. Additionally, they are relived to some extent from costs incurred as a result of formality examinations of patent applications.

PCT streamlined the international patent application, filing, searching and preliminary examination in a two step procedure.<sup>90</sup> Under PCT, inventors are only required to file “International application” in one of national patent offices. After the application, receiving national patent office, examines the fulfillment of formality requirements and international searching authority conduct international prior art search and the authority also organized “International search Report”.<sup>91</sup> Under PCT international preliminary examination is also provided but it is made optional to the choice of member states.<sup>92</sup>

#### **2.2.4. Strength and Weakness of International Patent System Prior to TRIPS agreement**

For about more than four centuries, patent systems were only limited to territorial application. In the late 19<sup>th</sup> century, because of the conclusion of Paris convention, patent system in some way transformed from national application into international system. However, this transformation is not to the fullest extent rather it is only facilitation to consider patent system internationally.<sup>93</sup>

The most important contribution of the Paris convention is the inclusion of the principle of national treatment and priority right. The above two principles, enable inventors to apply for a patent grant beyond their national states or resident. According to national treatment principle, member states are obliged to protect foreign inventions in similar manner as they treat domestic inventions. This abolishes discrimination by national states over foreign inventions. At least after the conclusion of Paris convention, foreign inventors have equal access in the other member states patent system.<sup>94</sup>

Before the “right of priority” comes to picture, inventors were obliged to apply their application simultaneously. However, thanks to Paris convention, inventors have at least one year to think where to submit applications after their first application. At least from the perspective of the inventor, priority right has two significances. Firstly, until the end of the priority period, the applicant will have priority over any intervening applications. Secondly, it preserves the novelty of the invention within the member state of the convention, notwithstanding any publication, exhibition or other act capable of destroying the novelty of the invention during the priority period.<sup>95</sup>

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<sup>90</sup>. Gerald J Mossinghoff and Vivan J.Kuo, Supra footnote 65,P.535

<sup>91</sup>.Ibid

<sup>92</sup>. Getachew Mengistie, Supra footnote 55,P.179

<sup>93</sup>. Laurence R.Helfer, Supra footnote 57, P.536

<sup>94</sup>.William E.Schlyler, Supra foot note 72,P.156

<sup>95</sup>. Ibid



The other most important instrument under international patent system is patent cooperative treaty. PCT was concluded with the intention of resolving problems that emanate because of duplicative filing of patent application in several countries within the time framework provided under Paris convention. According to PCT, inventors can file an international application and they are also entitled international prior art search. Based on PCT, inventors can file international application in one of member states patent office and also they will get international prior art search. The main significance of PCT lies in minimization of costs (in terms of time and money) incurred by inventors and patent offices. Additionally, it alleviates problems related with technical and human resource gap of developing and least developed countries.<sup>96</sup>

Entirely the above instruments dealt about issues which are not related with substantive standards of patent protection. Some claimed that, the main weakness of international patent system prior to TRIPS agreement was lack of uniform substantive standards.<sup>97</sup> For instance, Paris convention did not stipulate uniform substantive standards. There were no uniform substantive standards under the international arena until the conclusion of the TRIPS agreement. As a result, patent systems were designed divergently in different manner.<sup>98</sup>

Additionally, enforcement of patent rights was left for the treatment of each state. We did not sort out any mandatory guideline as to how to enforce patent rights. Additionally, under the international patent system prior to TRIPS agreement, we did not find a forum to resolve disputes between states in relation with patent.<sup>99</sup>

International patent system prior to TRIPS agreement, in most of the cases focused on facilitation of patent grant in several countries. It is necessary to give the credit to the Paris convention for the transformation of patent protection into international system. However, mostly developed countries argued that international patent system failed to accommodate mandatory substantive requirements and enforcement mechanisms of patent rights.

## **2.3. Journey to Stronger form of Patent Protection under International System**

### **2.3.1. Why the General Agreement on Tariffs and Trade (GATT)?**

As it has been discussed, intellectual properties under international system are governed by WIPO, specialized agency of UN. However, developed countries were not confident on the

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<sup>96</sup>.Wei Shi, Supra footnote 51,P.32

<sup>97</sup>.Ibid

<sup>98</sup>. Ibid

<sup>99</sup>. Cicero Gontijo, Supra footnote 34,P.5

capacity of WIPO in governing IP, in the international arena.<sup>100</sup> Hence, developed countries tried to protect their own interest unilaterally or bilaterally. The effort of developed countries did not make them successful to the fullest extent. In this instance, private entities around developed countries led by US business associations came up with new conception of IP. In the first place, US business entities came up with trade based approach of IP protection. For the first time, US business entities had shown the impact of inadequate protection of IP over international trade. This conception of IP considers IP protection not only as a legal and technical matter rather as a trade matter.<sup>101</sup> Because of this new thinking of IP, at least this thinking justifies the inclusion of IP in the GATT multilateral trading regime. To this effect, multinational corporations influence their respective government for the inclusion of IP issue in the Uruguay round negotiations in 1986.<sup>102</sup>

Developed countries considered the international IP regime as inadequate and ineffective to protect their interests and needs. Additionally, existing international IP regime was not effective in addressing trade distortions and did not appreciate trade distortion impact of IPRs infringement.<sup>103</sup> As a result, US had already used section 301 of the trade act of 1974 to combat inadequate intellectual property protection abroad.<sup>104</sup> However, such kind of unilateral measure was not the best mechanism to protect IP in the international context. As a result, developed countries were in need of a new form of international system. Developed countries claimed that, because of the new thinking, as to the relationship between IP and trade, the issues of IP is eligible to GATT multilateral regime. The inclusion of IP in the GAAT multilateral regime will give the opportunity to developed countries to consider IP beyond technical and legal question as an economic and trade issue.<sup>105</sup>

The other most important factor that led developed countries to lobby the inclusion of IP in the GATT system was, issues related with enforcement and dispute settlement mechanisms. In the earlier IP treaties, issues related with enforcement of IPRs was left to the treatment of each

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<sup>100</sup>. John Gladstone Mills III, "Convention for the Acquisition and Enforcement of International Patent Right", Journal of Patent and Trademark office society, 2006, 962, P. 145

<sup>101</sup>. Huger, D., "Opening up trade barrier with section 301-a critical assessment," Wisconsin International law Journal 5, 1991, P. 180

<sup>102</sup>. Ibid

<sup>103</sup>. Carol J. Bilzi, Esq., "Towards an Intellectual Property Agreement in the GAAT: View from the private sector," GA. INT'L & COMP. L., VOL. 19:2, 1989, P. 346

<sup>104</sup>. Ibid

<sup>105</sup>. "GATT :An Opportunity for an intellectual property Rights Solutions," The Transnational Lawyer, Vol. 4, 1991, P. 363 & 364

member states. This made IPRs enforcement dependent upon the interests and objectives of each member states.<sup>106</sup> Under any of international IP treaties, we did not find a single provision related with dispute settlement between member states. Except, a provision related to treaty interpretation disputes to be resolved by international court of justice. Developed countries support the inclusion of IP in the GATT system to be beneficial of more effective form of enforcement and dispute settlement mechanisms of the GATT system.<sup>107</sup>

Absence of uniform standard of IP protection may be considered as other instigating factor. Particularly, Paris convention in relation with patent, gave ultimate legislative freedom to member states without at least prescribing minimal substantive obligations.<sup>108</sup> The absence of uniform standard aggravates trade distortion because countries design their IP regime only based on their own needs and objectives. Because of the above reasons, to alleviate problems emanated from inadequate international IP regime; developed countries lobbied the inclusion of IP in the GAAT multilateral trading regime.

### **2.3.2. Brief History of TRIPS Negotiation**

In the 1960s and 70s, US private businesses entities actively participated in trade policy making. Because of different reasons, the door of legislative and executive branch was opened to US businesses entities. One factor may be procedural rule of congress “*offered new opportunities for special interest to press their proposals.*”<sup>109</sup> Even the amendment to section 301 in the trade agreement Act of 1979 allowed “*private parties to take significant and public steps to enforce existing international trade agreements.*”<sup>110</sup> By using these opportunities, US business entities influence government trade policy making including matters related with IP protection.

US business entities tried to come up with a new conception of IP. Traditionally, Intellectual property protection was conceived as a legal and technical matter and enforcement of IPRs vested to Judiciary organ.<sup>111</sup> However, US business entities came up with trade based approach of IP Protection. Their main reason to connect intellectual property and trade was trade distortive

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<sup>106</sup>. Ibid

<sup>107</sup>.Richard A.Morford, “Intellectual Property Protection: A United States Priority,”GA.J.INT’L&COMP.L,Vol.19:2,1989,P.339

<sup>108</sup>. Ibid

<sup>109</sup>.Destler,I.,”American Trade Poltics,”Washington,DC:Institute for International Economics,1992,Cited by Susan K.Sell,in:Private power, Public law: The Globalization of Intellectual Property Rights,Combrige University Press,2003,P.83

<sup>110</sup>.Fisher,B.and R.Steinhardt., “Section 301 the Trade Act of 1974,” Law and Policy in International Business V.14,1982,P.574

<sup>111</sup>. Ibid

impact of weakest form of IP protection. Post World War II was mainly characterized by the establishment of huge industries that are dependant up on human creativity and new ideas. As a result of increase in innovation, counterfeit and piracy increased in the countries which have weak IP regime or in the countries where IP protection is unknown.<sup>112</sup> To protect their innovation from infringement or piracy, US business entities demanded stronger IP protection domestically as well globally.<sup>113</sup>

To achieve their interest, multinational corporations influenced US government legislative and executive branches. As a result, US government made continuous amendment on its trade policy and legislations related with IP and trade. For the first time, US government linked IP protection with the international trade in 1984.<sup>114</sup> As a result of a lobby made by multinational private entities, congress had adopted trade and tariff act of 1984 and this amendment incorporated trade based approach of IP protection.<sup>115</sup>

For the first time in the international arena, IPRs was presented as a trade related issue by Levis Strauss Corporation with the support of many trade-mark holding firms. These corporations lobbied for the inclusion of an anti-counterfeiting code in the 1978-1979 GAAT Tokyo Round but they were not successful.<sup>116</sup> In 1986, because of their domestic achievement US business entities were encouraged to continue their movement internationally. To this effect, in March 1986, twelve corporate executives of US based multi-national corporations<sup>117</sup> established intellectual property committee (IPC), six month before Uruguay round of GATT negotiations.<sup>118</sup> The main objective of IPC was to ensure the inclusion of IP in the negotiating agenda of Uruguay Round.<sup>119</sup> Immediately, IPC met with the confederations of British industries, the BDI in Germany, the French patronat, union of Industrial and employers'

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<sup>112</sup>. Fikeremarkos Merso, Supra footnote 38,P.134

<sup>113</sup>. Fisher,B. and R.Steinhardt., Supra footnote 101,P.576

<sup>114</sup>. Susan K.Sell, "Private power, Public law: The Globalization of Intellectual Property Rights," Cambridge University Press,2003,P.82

<sup>115</sup>. Id.P.85

<sup>116</sup>. Fikeremarkos Merso, Supra footnote 38,P.135

<sup>117</sup>. "Throughout the years 1986-1996, the IPC's member ship fluctuated from eleven to fourteen corporations." Susan K. Sell, Supra footnote 105,P.96

<sup>118</sup>. Ibid

<sup>119</sup>. Carol J.Bilzi,Esq., , Supra footnote 94,P.344

confederation of Europe (UNICE)<sup>120</sup> and Japan Federation of Economic organization (Keidanren).<sup>121</sup> IPC believed that agreement between US; European and Japan Would have a positive effect on Uruguay Round negotiations.<sup>122</sup> After deliberate discussion, IPC reached an agreement with its counterpart to convince their respective government as to the inclusion of IP issue in the Uruguay Round negotiations.<sup>123</sup>

As a result of lobby made by TNC, developed countries governments believed the eligibility of IP in the GAAT system. To this effect, developed countries governments supported the inclusion of IP in the Uruguay round. From the beginning of Uruguay round negotiation in 1986 until early 1989, negotiating member states were divided in to two antagonistic group.<sup>124</sup> In the first spectrum, developed countries supported the inclusion of IP in the GAAT system and for the accomplishment of their interest, they utilized different mechanisms. In the other spectrum, developing countries challenged the inclusion of IP in the multilateral trading regime. Developing countries claimed that, one of the founding objectives of GATT multilateral trading regime is liberalization of trade.<sup>125</sup> Leading developing countries (Such as, India, Brazil, Argentina....) claimed that because of the founding objectives of GAAT, the issue of IP is beyond the scope of GAAT system. Additionally, developing countries claimed that issues related with the protection of IP in the international context were given to WIPO a specialized agency of the United Nations. Inclusion of IP in the GAAT system overlaps with the mandate given to WIPO.<sup>126</sup>

The so-called “Groups of Ten”<sup>127</sup> led by India and Brazil strongly protested the inclusion of IP in the GAAT system.<sup>128</sup> Most of developing countries have been net importers of technology. According to the leaders of this group, stronger form IP protection advocated by developed countries has serious impact on developing and least-developing countries. Additionally,

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<sup>120</sup>. “UNICE is the official spokesman for European Business and industry in European institution; it is composed of thirty-three members federations from twenty-two countries with a permanent secretarial based in Brussels.” Susan K.Sell, Supra footnote 105,P.104

<sup>121</sup>. “Kedanren is a private, non-profit economic organization representing virtually all branches of economic activity in Japan. It maintains close contact with both public and private sectors at home and abroad.” Ibid

<sup>122</sup>. Ibid

<sup>123</sup>. Id.P.114

<sup>124</sup>. UNCTD-ICTSD, “Resource Book on TRIPS and Development,” Cambridge University Press,2005,P.4

<sup>125</sup>. Ibid

<sup>126</sup>. UNCTD-ICTSD, Supra footnote 115,P.4

<sup>127</sup>. “These ten countries were Argentina, Brazil, Cuba, Egypt, India, Nicaragua, Nigeria, Peru, Tanzania and Yugoslavia.” Susan K.sell, Supra footnote 105,P.108

<sup>128</sup>. Ibid

developing countries strongly disagreed with the inclusion of IP under GATT, because it will eliminate the legislative freedom of member states to design their IP regime based on their development goals.<sup>129</sup>

In spite of vehement opposition by developing countries, because of different reasons by April 1989, leading developing countries (Such as, India, Brazil, Argentina....) had accepted the inclusion of IP in the GAAT system and to negotiate on a comprehensive code of trade-related aspects of IP rights.<sup>130</sup> There were different factors that influenced developing countries to change their position. The main factors are discussed in the next page.

- As a main promoter, US took unilateral measures via section 301 and GSP actions. US took these measures on the leading states of the opposition. In the beginning the choice was between WIPO and GATT, as a result of US influence, the choice was changed between GAAT and USTR.<sup>131</sup>
- The reason for smaller countries that were not targeted by section 301 actions, NFTA and other trading blocks were different. Because of the fact that, they were not a member of any preferential regional agreement, to counter discriminatory practice by the regional blocks, they agreed as to inclusion of IP in the GATT system.<sup>132</sup>
- Additionally, developed countries promised to give expanded market access to agricultural and textile products from developing countries in exchange for agreeing as to the stronger form of IP protection.<sup>133</sup>
- The other factor may be lack of experience and expertise on IP issues. Because of this fact; they were not capable to analyze proposals proposed by developed countries and to come up with counter proposals.<sup>134</sup>

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<sup>129</sup>.Ibid

<sup>130</sup>. Id.P.109

<sup>131</sup>.Ryan. M., "The Function-Specific and Linkage-Bargain Diplomacy of International Intellectual Property law making," University of Pennsylvania Journal of International Economic Law,1998,P.556

<sup>132</sup>. Whalley,J. ,"Developing Countries and System Strengthening in the Uruguay Round ,"1995, Cited by Susan K.Sell ,in :Private Power ,Public Law: The Globalization of Intellectual Property Rights, Cambridge University Press,2003,P.110

<sup>133</sup>. Susan K.Sell, Supra footnote 105,P.110

<sup>134</sup>.Ibid

At the end of 1989, negotiators agreed to give a period of grace to developing countries to make their IP regime consistent with the agreement. As a result of developing countries agreement as to the inclusion of IP in the GAAT system, the negotiation process was dramatically changed. The negotiation process changed from developing countries versus developed countries into specific provisions between Europe and USA and USA and Japanese. After a long and deliberate debate over specific issues between developed countries, TRIPS agreement was concluded on April 15, 1994.<sup>135</sup>

#### **2.4. Basic Features of TRIPS Agreement**

Agreements under WTO multilateral trading regime are considered as ‘a single undertaking’ which means new comers should accept all agreements as it is except plurilateral agreement. TRIPS agreement is one of the most controversial agreements under WTO multilateral trading regime. The area governed by TRIPS agreement is politically and economically sensitive. Unlike the previous IP conventions, TRIPS was designed in the new way to include many new aspects which were not included in the previous instruments.<sup>136</sup>

For the first time, TRIPS agreement includes all forms of Intellectual property rights in a single document. It is a compressive instrument which is designed to include industrial property rights and literary and Artistic works in a single document. Unlike other IP conventions, the primary objective of TRIPS agreement is not the protection of IPRs. Under the TRIPS agreement, ‘*the protection of IPRs is not an end by itself, but rather the means to an end.*’<sup>137</sup> From the reading of the preamble, we can sort out the main objective of TRIPS agreement. The main objective of the TRIPS agreement is ‘*to reduce distortions and impediments to international trade.*’<sup>138</sup> The main objective of TRIPS agreement can be accomplished ‘*taking into account*’ the need to protect and enforce IPRs.<sup>139</sup> The main objective of WTO multilateral trading regime is not the protection of individual rights, rather promotion of trade and economic development is the main mission of WTO multilateral trading regime.<sup>140</sup> Hence, IP protection is considered as an ingredient to the accomplishment of the end goal. As a result, TRIPS agreement incorporates trade-based conception of IP protection.

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<sup>135</sup>. Id.P.115

<sup>136</sup>.Ibid

<sup>137</sup>. UNCTAD-ICTSD, Supra footnote 115,P.10

<sup>138</sup>. “Agreement on Trade-Related Aspects of Intellectual Property Rights,” Apr. 15,1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, [hereinafter TRIPS Agreement],Preamble

<sup>139</sup>. UNCTAD-ICTSD, Supra footnote 115,P.10

<sup>140</sup>. Ibid

TRIPS agreement is not a self-contained agreement. Because, TRIPS agreement extensively refers to the pre-existing international IP treaties, such as, Paris convention for the protection of industrial property rights and Berne convention for the protection of Literary and Artistic works.<sup>141</sup>

The TRIPS agreement stipulates minimum standards of protection. In the pre-existing international treaties, substantive matters are left to the treatment of each member states. As a result, in the similar issue, countries followed different approach. However, TRIPS agreement stipulates minimal uniform standards which should be followed by all member states. In the 1947 GAAT agreement, contracting states are obliged to set maximum threshold related with tariffs and quotas. *“It was not left to the discretion of each contracting party to adopt more extensive tariff protection than to which it bound itself, but it was open to each contracting party to provide less tariff protection.”*<sup>142</sup> However, in case of TRIPS Agreement member states can adopt more extensive protection than minimal standards stipulated under the TRIPS Agreement.

The agreement also incorporates the principle of national treatment and most-favored nation (MFN) treatment. National treatment principle is also incorporated in the earlier conventions like Paris convention on Industrial Property and Berne convention for the protection of Literary and Artistic works. However, MFN treatment is incorporated in the TRIPS Agreement for the first time and we did not get similar kind of principle in the earlier IP treaties. According MFN treatment, preferential treatment extended to member state or non-member state by a member state needs to be extended to other member states. TRIPS agreement also stipulates provisions related with enforcement of IPRs. Under the TRIPS agreement some sort of liberty is given to member states in relation with enforcement of IPRs. Unlike the earlier IP treaties, TRIPS agreement also includes provisions related with dispute settlement mechanisms between member states.

Generally, TRIPS agreement has a major departure with the earlier IP treaties. TRIPS agreement incorporates IP issues not strictly as a legal and technical matter rather as an economic and trade issue. As a result, TRIPS agreement is the most controversial instrument in the area due to conflict of interest between states.

## **2.5. The Impact of TRIPS Agreement toward Net Importers of Technology**

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<sup>141</sup>. Fikeremarkos Merso, Supra footnote 38,P.138

<sup>142</sup>. Laurence R.Helfer, Supra footnote 57,P.18&19



As a principle, TRIPS agreement required some sort of uniform form of protection by each and every member states without taking into consideration economic and social circumstance of each member states. As Assafa Endeshaw claimed, TRIPS agreement was concluded based on developed countries law making experience, without take into consideration the socio-economic circumstance of developing and least-developed countries.<sup>143</sup> As we know, laws are promulgated based on the interest, needs and behaviors of the subject. However, TRIPS agreement was concluded based on the interest of developed countries, in disregarding the interest and socio-economic circumstance of developing and least-developed countries. From the beginning of TRIPS negotiation, the agreement only accommodates the needs and interests of multinational corporations and developed countries.

Generally, patent protection does not have any direct benefit to non-industrialized states. As Edith Penrose claimed, “*Non-industrialized States do not derive any direct benefit from granting patents for inventions that have already been patented and exploited abroad.*”<sup>144</sup> Because, as a matter of fact non-industrialized states extend protection to foreign invention without getting similar protection in the other country, because, from the beginning they are poor in innovation. The primary objective of patent systems in non-industrialized countries is facilitation of transfer of foreign technology.<sup>145</sup>

‘One-size-fits-all’ approach followed by TRIPS agreement is not in the best interest of net-importers of technology. According to David Demiray, the main guiding objective of TRIPS agreement was a desire of developed countries to protect their comparative advantage of technology in the face of the threats and opportunities of globalization.<sup>146</sup> In this issue, in February 2003 the United Nations Development Program (UNDP) released a report entitled ‘Making Global Trade work for People’. The report provides that:

*“It provides a critical and valuable counter point to the existing trade mechanism, stating that the ‘relevance of TRIPS agreement is highly questionable for a large*

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<sup>143</sup>. Assafa Endeshaw, “The Paradox of Intellectual Property Law making in the New Millenium: Universal Templates as Terms of Surrender for Non-industrialized Nations: Piracy as offshoot,”10 *Cardozo J. Int’l and Comp.L.47* (2002),P,56

<sup>144</sup>. Wei Shi, *Supra* footnote 51,P,52

<sup>145</sup>. *Ibid*

<sup>146</sup>.David Demiray, “Intellectual Property and the External Power of European Community: The new Extention,”16 *Mich.J. of Int,L,1995,P.187&200*

*parts of developing world....developing countries need to 'begin dialogs to replace TRIPS 'with 'alternate intellectual property paradigms.'"*<sup>147</sup>

Additionally, non-industrialized states incurred enormous amount of administrative and enforcement cost for the purpose of protection of foreign inventions.<sup>148</sup>In most of the case, non-industrialized countries are not beneficiary of TRIPS agreement. However, any state to be a member of WTO is obliged to incorporate mandatory provisions of TRIPS agreement without any reservation.

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<sup>147</sup>. Wei Shi, Supra footnote 51,P.54

<sup>148</sup>. Getachew Mengistie, Supra footnote 55,P,204

## Chapter Three

### Substantive Requirements of Patent Protection and Rights conferred to the Patentee under Ethiopian patent Regime and Assessment of its Compatibility with TRIPS Agreement

#### 3.1. Scope of patent protection and Patentability Standards

##### 3.1.1. Scope of Patentability

Historically speaking, countries have exhaustively used their patent systems to encourage, discourage or more often to prohibit patent protection in certain area of technology.<sup>149</sup> Under the Paris Convention for the protection of Industrial Property, member states were at liberty to exclude certain types of inventions from patentability as well as to stipulate special rules for certain type of inventions.<sup>150</sup> Until the conclusion of TRIPS agreement, the exclusion or inclusion of invention from patentability was decided by each state, taking into account their own existing circumstances. However, the TRIPS agreement came up with an overriding scope of patentability which includes any inventions, whether products or processes, in all fields of technology, provided that they are new, involve an inventive step and are capable of industrial application.<sup>151</sup>

As a principle, the TRIPS agreement provides broader form of scope of patentability which includes inventions in all fields of technology. According to Article 27.1 of TRIPS agreement, member states or new acceding states are obliged to provide patent protection in all fields of technology, without discrimination as to the place of invention, the field of technology and whether products are imported or locally produced. In the past, there was assumption which considered inventions as only related with mechanical devices and therefore patents had been intended to protect machines.<sup>152</sup> However, under the TRIPS agreement patent protection does not only extend to mechanical devices but also extends to life forms. TRIPS agreement is the first

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<sup>149</sup>. Report of Commission on Intellectual Property Rights and Development Policy, "Integrating Intellectual Property Rights and Development Policy," London, 2002, P.114

<sup>150</sup>. UNCTAD-ICTSD, "Resource Book on TRIPS and Development," Cambridge University Press, 2005, P.353

<sup>151</sup>. "Agreement on Trade-Related Aspects of Intellectual Property Rights," Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, [hereinafter TRIPS Agreement], Article 27.1

<sup>152</sup>. Graham Dutfield and Umas Suthersanen, "Global Intellectual Property law," Edward Elgar Publishing Limited, 2008, P., 299

internationally adopted treaty which facilitates the patenting of life by requiring member states to provide patent protection in all fields of technology.<sup>153</sup>

TRIPS agreement does not define the term ‘invention’ and also failed to define the three criteria for patentability (novelty, inventive step and industrial applicability). Hence, members have considerable amount of freedom in defining the above basic elements in their own ways. More importantly, developing and least-developing countries can use the above loophole as to minimize the negative impact of TRIPS agreement or to achieve their needs and objectives.

Under the Ethiopian patent regime, we do not find a single provision which deals about the scope of patentability. However, based on the cumulative reading of provisions related with the definition of ‘invention’, patentability Standards and non-patentable inventions, we can sort out the scope of patentable subject matters under Ethiopian patent regime.

Under the Ethiopian Patent legislation proclamation No.123/1995, the term invention is defined as, “*an idea of an inventor which permits in practice the solution to a specific problem in the field of technology.*”<sup>154</sup> In this definition, there is no any qualifying word as to the nature of the idea. To be in line with the very nature of patent and to exclude free riders, the idea of the inventor must be new. Not only new, the idea must be the intellectual creativity of the inventor. From the reading of the above definition, we can understand that there has to be a specific problem which needs the intellectual creativity of the inventor. Certain idea to be considered as invention, the idea of the inventor must permits in practice the solution to a specific problem in the field of technology. If a given ‘idea’ fails to solve the problem or if it is in the form of general principle, abstract or theory, such kind of idea does not fall in the ambit of invention. According to the above definition, an idea which has nothing to do with any problem may not be considered as an invention.<sup>155</sup>

The definition of ‘invention’ under the proclamation is not specifically excluded naturally existing things. Even though discoveries are excluded under Article 4(1) (a) of the proclamation, for the purpose of a better clarity, it is nice to limit further what constitutes a patentable

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<sup>153</sup>. Jonathan Curci, “The New Challenges to the International Patentability of Biotechnology: Legal Relations between the WTO Treaty on Trade-Related aspects of Intellectual Property Rights and the Convention on Biological Diversity.” International Law and Management Review, Vol.2,2005-2006, P. 4

<sup>154</sup>. Proclamation Concerning Inventions, Minor Inventions and Industrial Designs, Proclamation NO.123/1995, Negarte Gazeta, 54<sup>th</sup> Year, no.25, Article, 2(3)

<sup>155</sup>. Debebe Hailegebril, “Protection of inventions under Ethiopian Patent law.” Law Faculty, AAU, (Unpublished), 1996, P.2

invention. A number of developing countries have a provision which excludes naturally existing things and discoveries from the ambit of invention.<sup>156</sup>

The above definition of 'invention' fails to prescribe the subject matters that are included under the ambit of invention. However, Article 2(5) of the proclamation states that a patent extends to invention related to a product or process. Additionally as per Article 17 of the regulation, the patentee may claim for the protection of a new product, for a use of new product, for a process specially adopted for the manufacture of the product, and for an apparatus or means specifically designed for carrying out certain process.<sup>157</sup> However, under the Ethiopian patent system we do not find any specific reference as to the availability of patent to new uses of known product. An important interpretive question is whether under Ethiopian patent regime, patent protection also extends to new uses of known products, in addition to the above clearly stipulated subject matters.

For instance, under the U.S. patent system, patentable inventions “*are any new and useful process, machine, manufacture or combination of matters, or any new and useful improvement.* (emphasis added)”<sup>158</sup> From the definition of patentable inventions under the US patent system, more of liberal approach is adopted by policy makers as to give more patent protection even to new uses of known product.<sup>159</sup>

In this regard, TRIPS agreement only obliged members to give protection to products or processes in all fields of technology. Members or new acceding states are free to decide whether to allow the patentability of the new uses of known products.<sup>160</sup> When we come to Ethiopian

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<sup>156</sup>. “For example, the Common Industrial Property Regime of the Andean Pact countries provides that the following shall not be considered as inventions: ‘Any living thing, either complete or partial, as found in nature, natural biological processes, and biological material, as existing in nature, or able to be separated, including the genome or germ plasm of any living thing.’” Report of the commission on Intellectual Property Rights and Development policy, Supra footnote 1, P.115

<sup>157</sup>. Council of Ministers Regulation No.12/1997, Inventions, Minor inventions and Industrial Design Council of Ministries Regulation, Negarit Gazeta, 3<sup>rd</sup> years No.27, Article, 17

<sup>158</sup>. Debebe Hailegebril, Supra footnote 7, P.2

<sup>159</sup>. “The statute itself makes a new use of a known process or product eligible for patenting as a process .Not so in the case of an old product produced by a new process or obtained from a new source.” Robert L. Harmon, “Patents and Federal Circuit,” 7<sup>th</sup> edition, BNA Books, 2005, P.51

<sup>160</sup>. “Because patents protect inventions but not discoveries, the discovery of a new purpose for a product cannot render a known product patentable *as such* under general principles of patent law. This remains the case unless in connection with the new purpose the product is forced to be present in an amended new form.” UNCTAD-ICTSD, Supra footnote 2, P.357

patent regime, it is open to different forms of interpretive arguments. However, the Ethiopian Intellectual Property office extends protection to new uses of known Product. Ato Wendewesen Belete Intellectual Property protection and transfer of technology director of EIPO said that “*under Ethiopian patent regime, new uses of known product or process are considered as patentable invention.*” According to the director, the main justification for the extension of patent protection is to reward such kinds of individuals for their contribution to the knowledge pool.<sup>161</sup>

Because of different theoretical and practical reasons the writer is against the above practice of EIPO. Firstly, from theoretical point of view, monopoly right is given to the inventor only in case when s/he comes up with new invention which is not part of the public domain. However, in the above scenario the product has become part of the public domain whether the product is protected by patent or not. Thus, a new use of known product is considered as a discovery not as an invention. Secondly, as we know patent grant is a reward for a great advancement in the fields of technology. However, minor or insignificant inventions may be protected, if patent is granted to new uses of known product. This will create monopoly of knowledge without contributing to the benefit of the general public.

In this regard, the Ethiopian patent regime provides an extensive protection than required by the TRIPS agreement. TRIPS agreement only required to extend protection to products or processes in all fields of technology but not to the new uses of known products.

### **3.1.2. Patentability Standards**

All inventions are not patentable. Rather, inventions which are “new, involve an inventive step and are capable of industrial application” are only protected by patent. Article 27.1 sets up patentability standards, without however stipulating the way in which they have to be defined. This provides some sort of flexibility which member or acceding states can define based on their needs and interests. It has been argued that developing or least developing countries can define these terms so as to restrict the number of patents.<sup>162</sup> In the next sub-sections, the writer will discuss the meaning and applications of these three criteria of patentability under Ethiopian patent regime and their implication in the upcoming Ethiopian WTO accession.

#### **3.1.2.1. Novelty**

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<sup>161</sup>. Based on interview conducted with Ato Wendewesen Belete, Intellectual Property protection and Transfer of Technology Director of EIPO, on 21 October 2010

<sup>162</sup>.Abhinav Surana, “Using TRIPS Flexibilities to Promote Access to Medicines with Special Reference to India Product Patent Regime.” National Law University, Jodhpur,2006,P.1 available at [www.ssrn.net](http://www.ssrn.net), last visited on 10/14/2010

In order to get patent protection the invention must be new. An invention is considered new, if it is not anticipated by prior art. An invention lacks novelty, if it is part of the total sum of knowledge available to the public before the filing or priority date. Generally, there are three ways of evaluation of the novelty of the invention, taking in to account the place and modalities of disclosure. These are absolute novelty, mixed novelty and local novelty.<sup>163</sup>

Absolute novelty is *'held to comprise everything made available to the public by means of a written or oral description, by use, or in any other way, before the date of filing of the...'*<sup>164</sup>

Absolute novelty test assesses the existence of the elements of the invention or their equivalent throughout the world before the filing or priority date. The knowledge may be available to the public through different modalities such as written or oral description, by use, or in any other way. In those countries which follow local novelty test only domestically held knowledge, use or manufacture is considered in the evaluation process. In the mixed novelty test approach, only unpublished foreign use or disclosure of knowledge cannot be taken in to account in the evaluation process.<sup>165</sup>

*"In contrast to Europe, the law in the United States is that undocumented knowledge held only in foreign countries does not form the state of the relevant art (that is, mixed novelty)..... There are concerns that this loophole sometimes allows people to copy such undocumented foreign knowledge and claim they have come up with a new invention."*<sup>166</sup>

Article 3(2) of the proclamation states that,

*"An invention shall be considered new if it is not anticipated by prior art. Prior art shall consist of everything disclosed to the public, anywhere in the world by publication in tangible form or by oral disclosure, by use or in any other way,*

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<sup>163</sup>. Graham Dutfield and Umas Suthersanen, Supra footnote 4,P.120

<sup>164</sup>. "Convention on the Grant of European Patents," (EPC 2000) as adopted by decision of the Administrative Council of 28 June 2001, Article,54 available at <http://www.european-patent-office.org/legal/epc.2000>, last visited on 10/14/2010

<sup>165</sup>. Robert L.Harmon, Supra footnote 11,P.76

<sup>166</sup>. Graham Dutfield and Umas Suthersanen, Supra footnote 4,P.120

*prior to the filing or, where appropriate, the priority date, of the application claiming the invention.”<sup>167</sup>*

Based on the reading of Article 3(2), the Ethiopian Patent regime adopts absolute novelty test, which everything disclosed anywhere in the world by publication in tangible form or by oral disclosure, by use or in any other way before the filing or priority date is not considered as a novel invention.

The above novelty evaluations mechanisms can be adopted based on the country innovative capacity and objectives. For instance, as mentioned in the above chapter, in the 15<sup>th</sup> century under the Venetian patent system local novelty test was adopted. As a result, patent grant not only extend to new inventions rather it extends to inventions known or used elsewhere and brought in to the country for the first time. Local novelty test assesses the newness of certain invention in the granting state even though that particular invention is well-known throughout the world. In the past, because of their poor innovative capacity countries including Venetian patent system had adopted local novelty test so as to attract ingenious persons in to their country. In the current circumstance, local novelty test permits monopoly over knowledge which is part of the public domain.

Mixed novelty test permits the grant of patent to inventions that are made based on unpublished foreign use or disclosure of knowledge. This test allows inventors to copy undocumented foreign knowledge or traditional knowledge and to get patent protection. This test is adopted by countries like USA which have highest innovative capacity, so as to permit their inventors to use undocumented foreign knowledge or traditional knowledge as an ingredient of their innovations. This test may give benefit to the countries which have highest technological capability.

Under the absolute novelty test, the scope of patentable subject matter is narrower.<sup>168</sup> Only those absolutely novel inventions are patentable. In the countries like Ethiopia having few prospective patentees, absolute novelty test has huge importance by narrowing the scope of patentable subject matters. Absolute novelty test also prevents the grant of patent to inventions which are made based on traditional knowledge. Because of its importance, policy makers should adopt the continuation of this test in the upcoming Ethiopian WTO accession.

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<sup>167</sup>.Proclamation No.125/1995, Supra footnote 6,Article,3(2)

<sup>168</sup>. Cynthia M. Ho, “A New World Order for Addressing Patent Rights and Public Health,” Chicago-Kent Law Review, Vol.82:33,2007, P. 1477



Disclosure of an invention to the public by the inventor, his predecessor in title or because of an abuse committed by a third party in the period of 12 months preceding to the filing or priority date of the application will not destroy the novelty of that invention.<sup>169</sup> According to Ato Wendewesen Belete, the rationale behind the extension of period of grace is to give a second chance for those domestic inventors which disclosed their invention in the exhibition, marketed their invention or because of an abuse committed by a third party.<sup>170</sup> However, the period of grace is also available to foreign inventors. Mandatory responsibility to extend additional period of grace is not stipulated in any of international treaties even in the TRIPS agreement. Thus, Article 3(3) of the proclamation provides an extensive protection than required by the TRIPS minimum standards of protection. In the countries like Ethiopia having few prospective patentees, it is not necessary to include such kinds of extensive protection. However, the above protection has a major importance to those applicants of utility model certificate. In most of the case, they disclose their minor invention in the exhibition before the application date.

### **3.1.2.2. Inventive Step**

Inventive step is in some respects the heart and soul of patentability.<sup>171</sup> Because, patent associates with the advancement of science and technology and the requirement of inventive step requires highest degree of advancement in comparison with the state of prior art. Only those inventions which have advanced technical progress than the state of prior art will get patent protection. According to Article 3(4) of the proclamation, an invention is deemed as involving an inventive step, if having regard to the prior art relevant to the application; it would not have been obvious to a person having ordinary skill in the art.<sup>172</sup>

In the first place the examiner should identify the scope and content of the prior art and examine the difference between the prior art and the claims at issue. Based on the above identified information, the examiner must set the level of ordinary skill in the pertinent prior art.<sup>173</sup> If the

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<sup>169</sup>. Proclamation No. 125/1995, Supra footnote 6, Article, 3(3)

<sup>170</sup>. Based on interview conducted with Ato Wendewesen Belete, Supra footnote 13

<sup>171</sup>. Toshiko Takenaka, "Patent law and Theory A Hand book of Contemporary Research," Edward Elgar Publishing, Inc., 2008, P.414

<sup>172</sup>. Proclamation No. 125/1995 Supra footnote 6, Article, 3(4)

<sup>173</sup>. "The scope and content of the prior art are to be determined; differences between the prior art and the claims at issue are to be ascertained; and the level of ordinary skill in the pertinent art resolved. Against this background, the obviousness or non-obviousness of the subject matter is determined. Such secondary considerations as commercial success, long felt but unsolved needs, failure of others, etc., might be utilized to give light to the circumstances

claimed invention is not obvious to a person having ordinary skill, the claimed invention is deemed as involving an inventive step. However, the difficult task is to delimit a boundary between obvious and non-obvious arts. This task becomes very difficult to those countries which do not have sufficient expert power to examine the degree of inventiveness. According to Ato Wendewesen Belete, in the Ethiopian Intellectual property office the existence of inventiveness is evaluated based on the evaluation of foreign patent offices. Those inventions which passed the inventive step test in other country patent office, they will fulfill inventive step test automatically, in the EIPO without further inquiry. Ato Wendewesen Belete said that “*our office does not have sufficient expertise capacity to examine the fulfillment of inventive step. Thus, we cross refer to the evaluation of other patent offices. Ethiopian Intellectual property Office only examines whether the invention is non-patentable according to article 4 of the proclamation.*”<sup>174</sup>

However, such kinds of reference to evaluate the existence of inventive step, in some respects contradicts with the principle of independence of patent applications as enshrined under Paris convention for the protection of industrial property.<sup>175</sup> The decision of EIPO as to the fulfillment of inventive step is fully dependant up on the evaluation or assessment of foreign patent offices. Because of the cross-reference under Article 2 of the TRIPS agreement, the method which is utilized by EIPO to evaluate the existence of inventive step is against the principle of independence of patent applications as enshrined under the Paris convention. Hence, this is incompatible with the TRIPS agreement.

The degree of inventiveness standard adopted by developed countries “*is too low resulting in a proliferation of patents for trivial inventions which may not contribute to the overriding objective of the patent system which is the advancement of science for public benefit.*”<sup>176</sup> In the process of evaluation of inventive step, EIPO must not depend on the assessment of developed countries because developed countries require low level of inventiveness. Applying low level of

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surrounding the origins of the subject matter sought to be patented .As indicia of obviousness or non-obviousness, these inquiries may have relevancy.” Graham v. John Deere Co., 383 U.S.1,148 USPQ 459(1966), P,17-18

<sup>174</sup> . Based on interview conducted with Ato Wendewesen Belete, Supra footnote 13

<sup>175</sup> .“Patents applied for in the various countries of the Union by nationals of countries of the Union shall be independent of patents obtained for the same invention in other countries, whether members of the Union or not” “*Paris Convention for the Protection of Industrial Property*” of March 20, 18, 88328 U.N.T.S. 107, as revised at Brussels on 14 December 1900, at Washington on 2 June 1911, at the Hague on 6 November 1925, at London on 2 June 1934, at Lisbon on 31 October 1958 and at Stockholm on 14 July 1967 [hereinafter *Paris Convention*]. Article, 4bis (1)

<sup>176</sup> . Report of the commission on Intellectual Property Rights and Development policy, Supra footnote 1,P.116

inventiveness requirement will facilitate the patenting of incremental developments or minimal creative advancement, which is against the overriding objective of the patent system which is the advancement of science for the benefit of the general public. Thus, the World Bank has suggested that developing countries “*could set high standards for the inventive step, thereby preventing routine discoveries from being patented.*”<sup>177</sup>

In the writer opinion, as a least-developed country and having few prospective domestic inventors, Ethiopia needs to require highest level of inventiveness in order to exclude foreign trivial inventions and as to achieve the main guiding objective of our patent system which is the advancement of science and technology for the benefit of the general public.

### **3.1.2.3. Industrial Applicability**

This requirement of patentability requires the practical application of inventions. An invention is considered as industrially applicable where it can be made or used in handicraft, agriculture, fishery, social service and any other sectors.<sup>178</sup> In this case ‘Industry’ includes any physical activity of a technical character.<sup>179</sup> As stated in the above discussion the technical characteristics of an invention is a basic requirement of patentability. A mere abstract ideas or theories are not patentable because they lack practical application. In the USA patent system the invention is

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<sup>177</sup>. UNCTAD-ICTSD, Supra footnote 2,P.360

<sup>178</sup>. Proclamation No. 125/1995, Supra foot note 6,Article,3(5)

<sup>179</sup>. “The technical character of an invention is a basic requirement of patentability (see Article 27.1 TRIPS: “. . . patents shall be available . . . in all fields of *technology* . . .” (emphasis added)). According to the European Patent Office’s Guidelines on Patentability, any physical activity of a technical character is an activity which belongs to the useful or practical arts as distinct from the aesthetic or fine arts – Guideline C-IV, 4.1. The Guidelines are available at <<http://www.Europeanpatent-office.org>>.” UNCTAD-ICTSD, Supra footnote 2, P.361

32. “For over 200 years, the concept of utility has occupied a central role in our patent system. The basic quid pro quo contemplated by the constitution and congress for granting a patent monopoly is the benefit derived by the public from an invention with substantial utility.....The utility requirement has its origin in Article I, section 8 of the constitution, which indicates that the purpose of empowering congress to authorize the granting of patents is “to promote progress of...useful arts.”The statute provides that only “useful” inventions and discoveries can be patented.” Robert L. Harmon, Supra footnote 11,P.65

patentable, if it has ‘utility’ even though it cannot be industrially applicable.<sup>180</sup> In the Ethiopian patent system, industrial applicability of inventions is a mandatory requirement for the purpose of patentability. Theories, abstract ideas and business methods are not patentable subject matters because they lack industrial application.

### **3.2. Non-Patentable Inventions**

As stated in the above discussion, TRIPS agreement adopts broader form of patent protection which is available in all fields of technology. However, as an exception member states are at liberty to exclude certain types of inventions when conditions stipulated under Article 27.2 and 3(a) (b) of the TRIPS agreement are fulfilled. These exceptions give considerable amounts of flexibility, which member states can utilize based on their needs and interests. More importantly, developing and least-developed countries can use these exceptions to narrow down the scope of patentable subject matters. In the upcoming Ethiopian WTO accession, it is important to utilize the above exceptions based on the current needs and interests of the country.

#### **3.2.1. Inventions Contrary to Ordre Public or Morality**

Members or acceding states can exclude patentable inventions from patent protection based on justifications of protection of ordre public or morality. According to Article 27.2 of the TRIPS agreement, the exclusion concerns with particular inventions, unlike the case of exclusion of categories of inventions under Article 27.3 of the TRIPS agreement. The exclusion based on protection of ordre public or morality is only permissible in case when the prevention of the commercial exploitation of the invention is necessary to protect ordre public or morality.<sup>181</sup> Thus, this exception does not include needs to prevent non-commercial uses of the invention i.e. in case when the invention is only applicable for the purpose of scientific research.

The exclusion is needed to be necessary to protect ordre public or morality. Article 27.2 introduces a “necessity test” to assess whether protection of an overriding social interest is justified.<sup>182</sup> Article xx (a) and (b) of GAAT agreement have similar structure like Article 27.2. The above GAAT provisions permit that member states can deviate from the basic GAAT free

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<sup>181</sup>. TRIPS Agreement, Supra footnote 3, Article, 27(2)

<sup>182</sup>. UNCTAD-ICTSD, Supra footnote 2, P.378

trade principles on the ground (a) *that it is necessary to protect public morals, and (b) that it is necessary to protect human, animal or plant life [emphasis added]*. Thus, under GATT agreement, measures taken by member states based on the above exceptions must not constitute arbitrary or unjustifiable discrimination or a disguised restriction on trade.<sup>183</sup> A measure is justified only in case when no reasonable alternative is available to a member state which is not inconsistent, or at least less inconsistent, with GAAT.<sup>184</sup> The GAAT jurisprudence on Article xx has important role in the interpretation of Article 27.2.<sup>185</sup> Based on the GAAT jurisprudence, exclusions of patentable inventions to protect ordre public or morality is justified only in case when no reasonable alternative is available to a member state which is not inconsistent, or at least less inconsistent, with TRIPS agreement.

The term 'ordre public' comes from French term; however, it is difficult to translate in English that is why directly copied in the TRIPS agreement. "*In French civil law, 'ordre public' has a wider meaning than 'public order' and is more akin to 'public policy'.*"<sup>186</sup> Exclusion on the ground of protection of ordre public must differ with the exclusion from patentability on the ground of protection of morality. The concept of 'ordre public' is related with the protection of public security and the physical integrity of individuals as part of society. This concept also encompasses the protection of the environment. If the exploitation of a particular invention is

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<sup>183</sup>. Ibid

<sup>184</sup>. "A contracting party cannot justify a measure inconsistent with GATT provisions as 'necessary' in terms of Article XX(b) if an alternative measure it could reasonably be expected to employ not inconsistent with GATT is available to it. Thus a Thai government restriction on the importation of cigarettes could not be justified in terms of the desirable objective of stopping people smoking, given that alternatives such as antismoking campaigns are available, and have been shown to be effective in a number of countries around the world." Panel Report on Thailand 'Thailand - Restrictions on Importation of and Internal Taxes on Cigarettes' BISD 37S/200, adopted November 7, 1990." Ibid

<sup>185</sup>. "In the *India- Patent Protection for Pharmaceutical and Agricultural Chemical Products* case (WT/DS50) "the panel held that the TRIPS Agreement has a "relatively self-contained, *sui generis* status within the WTO." However, it also held that the Agreement is "an integral part of the WTO system, which itself builds upon the experience of over nearly half a century under the GATT 1947" (Para. 7.19)." Ibid

<sup>186</sup>. Graham Dutfield and Umas Suthersanen, *Supra* footnote 4, P. 117, see also, "A more accurate meaning for this term would be "public policy," which concerns the public law principles from which one cannot derogate without endangering the institutions of a given society." Cynthia M. Ho, *Supra* footnote 20, P. 66

likely to breach public peace or social order, such kind of invention is to be excluded from patentability as being contrary to ‘ordre public’.<sup>187</sup>

The concept of ‘morality’ is related with acceptable acts of conduct approved by the custom or habit of particular groups of the society.<sup>188</sup> Exclusion of certain patentable invention may be justified based on morality, in case when patenting of invention is against the morality of the society. Article 27.2 also includes permissible exclusions of patentability on the ground of protection of human, animal or plant life or health or to avoid serious prejudice to the environment.

The last sentence of Article 27.2 provides that such exclusion is not made merely because the exploitation is prohibited by law. The equivalent version of Paris Convention also states that, *“the grant of a patent shall not be refused and a patent shall not be invalidated on the ground that the sale of the patented product or of a product obtained by means of a patented process is subject to restrictions or limitations resulting from the domestic law.”*<sup>189</sup> Thus, mere marketing restrictions cannot be considered as a justifying ground to exclude from patentability.

According to Article 4(1) (a) of the proclamation, inventions that are contrary to public order or morality are excluded from patentability. From the reading of the provision, unlike the case of TRIPS agreement, the exclusion under Article 4(1) (a) seems to be applied in any scenario even beyond the prevention of commercial exploitation of the invention, to prevent the publication or any kinds of exploitation of the invention (i.e. invention which is contrary to public order or morality is excluded from patentability, even though the invention is only utilized for the purpose of scientific research.) In this regard, this provision is not compatible with the TRIPS counterpart. Under the TRIPS agreement, the exclusion based on protection of ordre public or morality is only permissible in case when the prevention of the commercial exploitation of the invention is necessary to protect ordre public or morality.

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<sup>187</sup>. “In case T 356/93 the Board of Appeal of the European Patent Office observed “It is generally accepted that the concept of ‘ordre public’ covers the protection of public security and the physical integrity of individuals as part of society. This concept encompasses also the protection of the environment. Accordingly, under Article 53(a) EPC, inventions the exploitation of which is likely to breach public peace or social order (for example, through acts of terrorism) or to seriously prejudice the environment are to be excluded from patentability as being contrary to ‘ordre public’”. UNCTAD-ICTSD, Supra footnote 2,P.379

<sup>188</sup>. Debebe Hailegebril, Supra footnote 7,P.12

<sup>189</sup>. Paris convention, Supra footnote 27, Article, 4 quater

As mentioned earlier, Article 27.2 stipulates a “necessity test” requirement to assess whether the exclusion is the only available way out to protect ordre public or morality. Under the TRIPS agreement, the exclusion of patentable inventions to protect ordre public or morality is justified only in case when no reasonable alternative is available to a member state, which is not inconsistent, or at least less inconsistent, with TRIPS agreement. However, Article 4(1) (a) of the proclamation does not stipulate a “necessity test” requirement which requires the exclusion of the invention to be applicable, in case when no reasonable alternative is available to protect the public order or morality. From the reading of the provision, the exclusion from patentability seems a response to inventions which are contrary to the public order or morality, even though a reasonable alternative is available. Hence, those inventions that are contrary to the public order or morality are automatically excluded, even if less inconsistent measure is available. In this case, Article 4(1) (a) is again incompatible with TRIPS agreement.

The term ‘public order’ under the proclamation only connotes the protection of public security and the physical integrity of individuals as part of society. Under the Proclamation, the Amharic version of the term ‘public order’ is only related with the peace and security of the general public. Under the TRIPS agreement the term ‘ordre public’ has a wider meaning than public order and its meaning is similar with public policy.<sup>190</sup> Unlike the case of the stipulation of the proclamation, under the TRIPS agreement the exclusion based on the protection of ordre public covers wider area. In comparison with the TRIPS counterpart, the exclusion under Article 4(1) (a) of the proclamation for the purpose of prevention of public order is narrower than the TRIPS ordre public stipulation. However, this does not make the provision incompatible with the TRIPS agreement. Because, Article 27.2 of the agreement is not a mandatory stipulation rather it is permissible stipulation. Hence, members are at liberty to use this permissible stipulation based on their needs and such kind of use can only be incompatible in case when their stipulation is contrary to the stipulation of the agreement. As country which has few prospective patentees, narrower stipulation of the exclusion has negative impact on the country. Because, it only permits narrower use of the exclusion. In the countries like Ethiopia, the stipulation of Article 27.2 is advisable because it permits the exclusion in the wider scenario which includes the use of the exclusion so as to achieve overriding public policies objectives.

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<sup>190</sup>.Graham Dutfield and Umas Suthersanen, Supra footnote 4,P.117

Additionally, Article 27.2 also permits the exclusion of patentable inventions to protect human, animal or plant life or health or to avoid serious prejudice to the environment. Based on the literal reading of Article 4(1) (a), the exclusion of patentable invention does not extend to protect human, animal or plant life or health or to avoid serious prejudice to the environment. Generally, in comparison with the TRIPS agreement, the Ethiopian counterpart is narrower which fails to protect the needs and interests of the society.

### **3.3.2. Exclusion of Biotechnological Inventions**

TRIPS agreement is the first globally adopted treaty to include patenting of life forms by requiring member states to provide patent protection to all fields of technology.<sup>191</sup> TRIPS agreement came up with broader form of scope of patentability which also includes life forms, traditionally, considered as non-inventible. Prior to the TRIPS agreement, the scope of subject matters covered under patent protection was decided by each states based on their own particular circumstance. Even, Paris Convention did not impose any obligation of protection of biotechnological creations.<sup>192</sup>

The TRIPS ‘any technology’ scope of patent protection is not without exception. Paragraph 2 and 3 of Article 27 provides the kind of inventions, member states may exclude from patentability under specified conditions. Article 27 tries to compromise antagonistic approaches adopted by Europe and US in relation with biotechnological creations. In the case of USA biotechnology become the main subject matter of patent protection after the United States Supreme Court’s landmark decision in *Diamond V. Chakrabarty*.<sup>193</sup> According to the decision of the Supreme Court, statutory patentable subject matter includes “*anything under the sun that is made by man.*”<sup>194</sup> The standard sets by the court encompassed the inventive work of biotechnology and gene sequence.<sup>195</sup> After this landmark decision, USA has adopted the most liberal form of biotechnology protection and even the draft proposed by USA in the Uruguay

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<sup>191</sup>. Jonathan Curci, Supra footnote 5,P.2

<sup>192</sup>. “The Paris Union Convention for the Protection of Industrial Property does not include any restriction on (or obligation of) protection of biotechnological creations. The area Covered by biotechnology is within the "broadest sense" mentioned by the Convention.” Denis Borges Barbosa and Karin Grau-Kuntz, “Exclusions from Patentability Subject Matters and Exceptions and Limitations to the Rights: Biotechnology,” WIPO,SCP/15/3,ANNEX III,2010,P.11 , see also Paris Convention, Supra footnote 27, Article, 1(3)

<sup>193</sup>. Jonathan Curci, Supra footnote 5,P.1

<sup>194</sup>. *Diamond V. Chakrabarty*, 447 U.S. 303,309 (1980)

<sup>195</sup>. Jonathan Curci, Supra footnote 5,P.1



round negotiation, did not include the exceptions which is provided under Article 27.2 and 27.3 of the TRIPS agreement.<sup>196</sup>

Under the European patent convention, there are exclusions on the ground of protection of ordre public or morality and plant and animal varieties or essential biological process for the production of plant and animal is excluded from patentability.<sup>197</sup> TRIPS ‘any technology’ aspect of patent protection reflects the position advocated by USA. Exclusions from patent protection under paragraph 2 and 3 of Article 27 reflect the position advocated by Europe. From the historical background of TRIPS agreement, we can conclude that Article 27 of the TRIPS agreement reflects the need and interest of developed countries and which is against the interest of developing and least-developed countries because it failed to consider their interest.

The argument against the grant of patent covering biological material is clearly about more than economical analysis. For many people the idea of patenting of life forms is morally wrong.<sup>198</sup> Fikeremarkos Merso argues, “.....claiming patent on life forms is like claiming to be the creator and this is contrary to the moral and cultural norms of many societies.”<sup>199</sup>

Patenting of life forms may be excluded based on Article 27.2 of the TRIPS agreement on the ground of protection of morality. However, the exclusion is only available in case when the prevention of the commercial exploitation of the biotechnological invention is necessary to protect the morality of the society. In the Ethiopian context, patenting of life forms is immoral based on religious and cultural thinking of the society, because as Fikeremarkos Merso argued claiming patent on life forms is like claiming to be the creature and this contradict with the religious belief of the society. As per Article 4(1) (a) of the proclamation, biotechnological inventions may be excluded based on the ground of morality. However, in the upcoming Ethiopian WTO accession exclusion of biotechnological invention is only permissible in case when the prevention of the commercial exploitation of which is necessary to protect the morality of the society.

According to Article 27.3 (b) of the TRIPS agreement, members can also exclude from patentability; plants and animals other than micro-organisms and essentially biological processes

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<sup>196</sup>. John Linarelli, “Trade-Related Aspects of Intellectual Property Rights and Biotechnology: European Aspects,”6 Singapore Journal of International and Comparative law,2002,P.412

<sup>197</sup>. Convention on the Grant of European Patents, Supra footnote 16,Article ,53(b)

<sup>198</sup>. Report of the commission on Intellectual Property Rights and Development policy, Supra footnote 1,P.115

<sup>199</sup>. Fikeremarkos Merso, “Ethiopian’s WTO Accession: A Strenuous Step For a Poor Nation Seeking Economic Prosperity,” Action AID Ethiopia Publications,2005,P.168

for the production of plants or animals other than non-biological and microbiological processes. As per the above exclusion, members are at liberty to exclude from patentability plants and animals and essentially biological processes for the production of plants or animals. However, members have obligation to extend protection to micro-organisms and non-biological and microbiological processes.

According to Article 4(1) (b) of the proclamation, plant and animal varieties and essential biological processes for the production of plants or animals are excluded from the subject matter of patentability. However, we do not find a clear stipulation as to the exclusion or inclusion of micro-organisms, non-biological and microbiological processes under the Ethiopian patent regime. To clarify whether micro-organisms are fallen under the scope of exclusion of Article 4(1) (b), one must consider the ordinary meaning of three key terms: plants, animals, and micro-organisms.<sup>200</sup>

The ordinary meaning of ‘micro-organism’ refers as “*an organism too small to be seen except with the aid of a microscope, as a bacterium or virus.*”<sup>201</sup> The International Patent Classification (IPC) which is maintained by the World Intellectual Property Organization (WIPO), categorizes micro-organisms under Category C12, and states that “*viruses, undifferentiated human, animal or plant cells, protozoa, tissues and unicellular algae are considered as micro-organisms.*”<sup>202</sup>

The ordinary meaning of ‘plant’ refers as “*a living organism (such as a tree, grass, or fern) that absorbs water and inorganic substances through its roots and makes nutrients in its leaves by photosynthesis.*”<sup>203</sup> The ordinary meaning of ‘animal’ refers as “*a living organism which feeds an organic matter, has specialized sense organs and nervous system, and is able to move about and to respond rapidly to stimuli.*”<sup>204</sup>

Based on their ordinary meaning, micro-organisms have their own distinctive characteristics which make them different from plants and animals. Hence, the exclusion of plants and animals from patentability does not amount to exclusion of micro-organisms. Based on this justification, micro-organisms are patentable subject matter under the Ethiopian patent regime.

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<sup>200</sup>.Rajnish Kumar Rai, “Patentable Subject matter Requirements: An Evaluation of Proposed Exclusions To India’s Patent Law in Light of India’s Obligations under the TRIPS Agreement and Options for India,” 8 Chicago-Kent Journal of Intellectual Property,2008,P.71

<sup>201</sup>. The New Shorter Oxford English Dictionary 1766(Lesley Brown ed., Clarendon press), (1993), Cited by, Ibid

<sup>202</sup>. International Patent Classification, 8<sup>th</sup> edition, available at <http://www.wipo.int/classifications/ipc8/?lang=en>.

Ibid

<sup>203</sup>. The New Shorter Oxford English Dictionary (Lessey Brown ed.,Clarendon Press),(1993),Ibid

<sup>204</sup>. Ibid

An important question is whether micro-organisms are patentable subject matter as found in nature. It is accepted that “*to be patentable, a micro-organism cannot be as it exists in nature.*”<sup>205</sup> However, in some jurisdictions, to get patent protection it is sufficient to isolate a micro-organism from its natural environment and identify a use.<sup>206</sup> For instance, under European Patent Convention, patent may be granted when a micro-organism found in nature can be characterized by its structure, by its process of isolation or by other criteria and also microorganism is considered as new even if it naturally exists but not previously available to the public.<sup>207</sup> Because of the fact that, TRIPS agreement does not define the meaning of ‘invention’, members can also adopt narrower scope of patentability only to give protection to microorganisms that have been genetically modified.<sup>208</sup> Under the Ethiopian Patent regime, we do not find a clear stipulation as to the degree of inventiveness, in relation with the micro-organisms. However, as per Article 4(1) (d) of the proclamation discovery of existing thing is not considered as a patentable invention. Hence, naturally existing micro-organisms even though they are not previously available to the public, are not patentable invention.

In the forthcoming WTO accession of Ethiopia, it is necessary to clearly confine patentability of microorganisms only in relation with genetically modified organisms. In our circumstance, it is not necessary to extend patent protection to micro-organisms which existed naturally even if they are not previously available to the public. Because, it is a clear case of monopoly over natural resources without contributing to the benefit of the general public. Developed countries have adopted wider scope of protection of microorganisms as to support their biotechnological research institutes and industries. However, because of our poor domestic innovative capacity in the area of biotechnology it is not justifiable to adopt wider scope of protection.

Article 4(1) (b) of the proclamation only excludes essential biological processes for the production of plants or animals. However, the proclamation has said nothing about the inclusion

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<sup>205</sup>. U.S. Communication to the Council of the TRIPS, IP/C/W/209, 3 October 2000

<sup>206</sup>. UNCTAD-ICTSD, Supra footnote 2, P.392

<sup>207</sup>. “Biological material which is isolated from its natural environment or processed by means of a technical process may be the subject of an invention even if it already occurred in nature” The European Directive on Biotechnological Inventions, Directive 98/44/EC of the European Parliament and of the Council of 6 July 1998 on the Legal Protection of Biotechnological Inventions, Article 3.2

<sup>208</sup>. “Article 10.XI of the Brazilian Industrial Property Code (Law No. 9.279, 14 May 1996), which excludes from patentability “biological materials found in nature”, even if isolated, including the “genome or germplasm” of any living being.” UNCTAD-ICTSD, Supra footnote 2, P.393

or the exclusion of non-biological and microbiological processes. Based on rules of interpretation, exceptions are interpreted narrowly. Hence, the exception under Article 4(1) (b) is interpreted narrowly so as only to exclude biological processes for the production of plants or animals. Non-biological and microbiological processes are patentable subject matters under the Ethiopian patent regime.

TRIPS agreement obliges member states to protect plant varieties either by patents or by an effective sui generis system or by any combination of both. An effective ‘sui generis’ system “.....deemed to suggest the breeder’s rights regime, as established in the UPOV Convention. However, the possibility is open to combine the patent system with the breeders’ rights regime, or to develop other “sui-generis” forms of protection.”<sup>209</sup> Article 27.3(b) provides some sort of flexibility, which allows member states to choose the form of protection of plant varieties based on their own circumstance. From developing and least-developed countries perspective, the flexibility provided under Article 27:3 (b) is like choosing from the two evils. Because, protection of plant varieties either by patents or PBRs as enshrined in the UPOV convention only reflects the needs and interests of developed countries.<sup>210</sup>

In the countries like Ethiopia which follow traditional and subsistence farming, the implication of Article 27.3(b) is very devastating. The exchange of seeds in the local market is used by Ethiopian Farmers to ensure the sustenance of seed supply. Ethiopian farmers have ancestral custom of saving seeds which is not exchanged or consumed, for the coming seasons.<sup>211</sup>

Protection of Plant varieties through patent has negative impact on the interests and needs of Ethiopian farmers. Patent grant on a particular seed excludes farmers from using, exchanging and saving of that particular protected seed. Patent grant gives absolute monopoly rights to the patentee. To use patented seeds farmers need to secure the consent of the patentee. Protection of plant varieties through patent totally excludes the rights of farmers to use, save and exchange seeds. The negative impacts of patent protection of plant varieties extend to the overall economy of Ethiopia, because, mostly the economy is dependant up on agriculture. However, as per Article 4(1) (b) of the proclamation, plant varieties are excluded from patentability. Even in the

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<sup>209</sup>. Id.P.394

<sup>210</sup>. “Patents and PBRs as enshrined in the UPOV convention were introduced with a view to meet the needs of developed countries and are alien to the developing countries in general and the Ethiopian farming community in particular. They reflect the need of large scale commercial farming which is quite different from the traditional and subsistence farming.” Fikeremarkos Merso, Supra footnote 51, P.155

<sup>211</sup>. Id.P.156

future unless the traditional and subsistence farming system is changed in to large scale commercial farming; the Protection of plant varieties through patent system is not advisable.

The other way out is to protect plant varieties through effective means of 'sui generis' , as established in the UPOV Convention. The 1978 version of UPOV Convention has provided special protection for farmers to save and exchange protected varieties.<sup>212</sup> Under the 1978 version of UPOV, only acts related with multiplication and sale of seeds were considered as infringement. However, the 1991 revised version of UPOV defines breeders rights in more extensive way than 1978 version of UPOV, so as to include any acts of production or reproduction regardless of their purpose.<sup>213</sup> Under the 1991 revised version of UPOV, the right of farmers to retain the protected variety from their crop for reuse is left to the discretion of national government, but it will no longer be an automatic right.<sup>214</sup> Ethiopia only can accede to the 1991 version which will limit the rights of farmers to save and exchange seeds. The incorporation of 1991 version UPOV in the national law as a 'sue generis' means of plant varieties protection will have negative impact on the interest of farmers and on the economy of the country.

As a last resort, under Article 27.3(b) we did not find a mandatory stipulation which obliged member states to established *sui generis* system based on UPOV convention. UPOV Convention can be one means of establishing *sui generis* system of plant varieties protection. Under Article 27.3(b), the only requirement with respect to a *sui generis* system is that it must confer an

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<sup>212</sup> . "The original UPOV Convention laid down the rules for PBR that would have to be included in the national laws in order for countries to qualify for membership. In essence, plant breeders are given a limited monopoly over the reproductive material of the variety. Even if it may seem only a nuance, this entails an important difference with patents, since patent holders claim ownership to the germplasm, technology and industrial processes, while breeders in the original UPOV concept - can only control multiplication and sale of seeds. UPOV has also provided .....special protection for farmers and the continued free access to plant genetic resources. Farmers have been allowed to continue with their ancestral custom of saving seeds for the coming seasons and informally exchanging them with other farmers, even from protected varieties, and this right is called the farmers' privilege. Plant breeder and Netherlands gene bank director, Jaap Hardon, described this free availability of germplasm once as a "constitutional right" in agriculture. "A right going back 12'000 years to the dawn of agriculture and the domestication of all these crops we grow or have grown." For the same reason, breeders have been allowed to make use of protected varieties' genetic material to develop new lines without having to pay royalties or ask permission. This right is included in UPOV as breeders' exemption. Without the possibility to freely exchange germplasm there is maybe agribusiness but not agriculture" .June Grain, "UPOV: Getting a Free Trips Ride? Seedling," June 1996 <http://www.grain.org/seedling/?type=6> , last visited on 11/10/2010

<sup>213</sup> . Fikeremarkos Merso, Supra footnote 51, P.157

<sup>214</sup> . "International Convention for the protection of New Varieties of Plants" ,On December 2,1961,as Revised at Geneva on November 10 ,1972,on October 23,1978 and on March 19,1991

“effective” protection.<sup>215</sup> Thus, countries can design effective *sui generis* system of protection taking into account their own particular circumstance. In the upcoming Ethiopian WTO accession, to alleviate the negative impact of protection of plant varieties through patent or 1991 version of UPOV, policy makers should adopt effective form of *sui generis* system based own particular circumstance of the country. However, a number of free trade agreements are inducing the inclusion of the UPOV 1991 version in the national legislation of the target countries.<sup>216</sup> The influence from FTAs may be considered as an obstacle to Ethiopia to come up with *sui generis* system based on the country specific needs and interests.

### **3.2.3. Acts not considered as Invention**

#### **a) diagnostic, therapeutic and surgical methods for the treatment of humans or animals;**

As per Article 27.3(a), TRIPS agreement allows members to exclude from patentability diagnostic, therapeutic and surgical methods for the treatment of humans or animals. The scope of application of this particular exception is related to methods for the treatment of humans or animals. For the purpose of patent protection, products or processes need to be differentiated from the methods of treatment. Diagnostic, therapeutic and surgical methods do not have industrial effect rather they only have effects on the human body.<sup>217</sup> Hence, they do not fulfill industrial applicability requirement for the purpose of patent grant. Under the Ethiopian patent regime, even in the absence of specific exception, still they are not patentable subject matter because they lack of industrial application. Based on the above rational Article 4(1) (e) of the proclamation excludes from patentability diagnostic, therapeutic and surgical methods for the treatment of humans or animals. Article 4(2) of proclamation tries to delimit the boundary between the product used to carry out the diagnostic, therapeutic and surgical methods and the method itself.

#### **b) Schemes, rules or methods for playing games or performing commercial and industrial activities and Computer programs;**

The above acts also do not have industrial applicability. Their application as a solution to a particular problem is not in a practical manner rather it is in abstract form. Even in the absence of

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<sup>215</sup>.UNCTAD-ICTSD, Supra footnote 2,P.396

<sup>216</sup>. Graham Dutfield and Umas Suthersanen, Supra footnote 4,P.305

<sup>217</sup>.UNCTAD-ICTSD ,Supra footnote 2,P.354

specific exception, they are not patentable subject matters because they lack industrial application. Computer programs are excluded because of the fact that they are considered as a set of instructions or schemes designed to perform certain results or purely mental acts.<sup>218</sup> However, in the US patent system, computer programs embodied in a tangible medium, such as floppy diskettes are patentable subject matter.<sup>219</sup>

### **c) Discoveries, scientific theories and mathematical methods;**

Discoveries, scientific theories and mathematical methods are not patentable subject matter because they cannot be industrially applicable. The above acts are mere ideas which do not have the capacity of industrial application. The other justification for the exclusion is that these acts cannot provide something that did not exist in nature hitherto.<sup>220</sup>

## **3.3. Rights Conferred to the Patentee**

### **3.3.1. The nature and Extent of rights conferred to the Patentee**

The grant of patent confers exclusive right to the patentee. The term ‘exclusive right’ refers to a right to exclude others, but not a right to do something. Judge Rich claimed that, “*The right to exclude does not give the inventor a positive right to do anything, other than sue someone for infringement. Thus, a patent is sometimes called a “license to sue.”*”<sup>221</sup> The Patentee has a negative right to prevent third parties not having his consent from the acts of; making, using, offering for sale, selling, or importing.

According to Article 28 of the TRIPS agreement, patent holders have exclusive rights to prevent third parties from doing certain acts relating to the invention. The agreement clearly stipulates the nature and contents of the patentee’s rights. The first sentence of Article 22(1) of the proclamation provides that “*a patentee shall have the exclusive right to make, use or otherwise exploit the patented invention.*” The literal reading of Article 22(1) refers the positive rights of the patentee to make, use or otherwise exploit the patented invention. The Amharic version of this article clearly declares the positive rights of the patentee. As we know the major function of patent system is to grant exclusive rights to the patentee, so as to prevent third parties from doing

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<sup>218</sup>. Debebe Hailegebril, Supra footnote 7,P.15

<sup>219</sup>.Robert L.Harmon, Supra footnote 11,P.59

<sup>220</sup>.Debebe Hailegebril, Supra footnote 7,P.16

<sup>221</sup>. Philip C. Swain, “The one thing Judge Rich Wanted Everybody to know about patents .”The Federal Circuit Bar Journal, Vol. 9 No.2, 2000, P.99

certain acts relating to the invention. The grant of patent does not give a guarantee as to the exploitation of patented invention by the patent holder. Exploitation of patented invention by the patentee is subject to rules and regulations of the granting state such as, environmental regulations, Standard and quality regulations and marketing approval.

However, the second sentence of Article 22(1) states that “a *third party cannot exploit the patented invention without securing the patentee’s consent.*” At least, this statement is declaring the negative rights of the patentee to exclude third parties. However, Article 22(1) fails to describe clearly the type of acts which necessitate the consent of the patentee. The term ‘exploit’ is vague and it is also difficult to suggest the kinds of acts which are included under the act of exploitation. However, at least the term ‘exploit’ refers acts relating with using, offering for sale and selling of patented invention.

Article 33 of the TRIPS agreement requires the minimum term of protection to be a period of twenty years running from the filing date. The Ethiopian counterpart however extends patent protection for an initial period of fifteen years commencing from the filling date of the application for protection. However, the term of protection may be extended for a further period of five years provided that proof is furnished that the invention is being ‘properly worked’ in Ethiopia.<sup>222</sup> The term of patent protection under the proclamation is incompatible with TRIPS counterpart.

### **3.3.2. Patentee Rights: In case where the subject matter of Patent is a Product**

Under the TRIPS agreement the exclusive rights of the patentee may be different based on the subject matter of patent (product or process patent).As per Article 28.1(a) of the TRIPS agreement, the patentee has exclusive rights to prevent third parties not having his consent from the acts of: making, using, offering for sale, selling, or importing. As a principle, the TRIPS agreement confers to the patentee exclusive right to prevent importation of protected invention. However, footnote 6 of TRIPS agreement subjects the application of this right to the principle of exhaustion of rights, as established by national laws. According to Article 6 of the TRIPS agreement and Paragraph 5 of the Doha Declaration, members are at liberty to establish their own system in relation with exhaustion of intellectual property rights.<sup>223</sup>The right of the patentee

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<sup>222</sup>. Proclamation No.125/1995, Supra footnote 6,Article, 16

<sup>223</sup>. “The effect of the provisions in the TRIPS Agreement that are relevant to the exhaustion of intellectual property rights is to leave each Member free to establish its own regime for such exhaustion without challenge, subject to the MFN and national treatment provisions of Articles 3 and 4.” Declaration on TRIPS and Public Health, WTO



to exclude the importation of protected invention is dependant up on the kind of exhaustion principle adopted by each member state.<sup>224</sup>

In relation with product patent, from otherwise reading of Article 22(1), the patentee has a right to exclude third parties from making, using and other wise exploiting patented invention. The term ‘exploit’ is vague and it is also difficult to suggest the kinds of acts which are included under the act of exploitation. In the future amendment it is necessary to clearly describe the content of the patentee rights.

According to Article 22(2) of the proclamation, the patentee does not have exclusive right to exclude importation of patented product by third parties. As mentioned earlier, the TRIPS agreement confers to the patentee exclusive right to prevent importation of protected invention. However, this right of the patentee is dependant up on the exhaustion principle adopted by each country. Article 25(1) (c) of the proclamation state that the rights of the patentee shall not extend to acts in relation to patented article which have been put on the market in Ethiopia by the patentee or with his consent. From the reading of this sub-article, we can understand that a national exhaustion regime is adopted by the proclamation. If a country recognizes the doctrine of national exhaustion, a patent holder’s right to control movement of a product is only extinguished by the first sale or marketing of the product within the territory of that country.<sup>225</sup> Under the national exhaustion principle, the patentee has a right to exclude importation of patented product by third parties. Hence, Article 22(2) is incompatible with the Article 28.1(a) of the TRIPS agreement.

Under the International exhaustion principle the exclusive right of the patentee is exhausted whenever protected goods placed on the market anywhere in the world. Hence, so as to exclude

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Ministerial Conference, Fourth Session, Doha, 9–14 Nov. 2001, WT/MTN(01)/DEC/W/2, 14 Nov. 2001,[ here in after Doha Declaration], Para. 5(d)

<sup>224</sup>. “Article 28, for example, grants patent holders the right to prevent third parties from importing patent protected goods without their consent. It does not, however, prescribe a rule as to how their consent will be determined. In Members that have adopted a rule of national exhaustion, consent only exhausts rights as to goods placed on the market within the territory of that Member. In Members that have adopted a rule of regional exhaustion, consent affects goods placed on the market in any Member within the regional group. In Members that have adopted a rule of international exhaustion, consent affects goods placed on the market anywhere in the world. TRIPS does not prescribe a rule regarding the geographic basis on which consent is determined, and clearly allows for international exhaustion.” UNCTAD-ICTSD, Supra footnote 2, P.105

<sup>225</sup>. UNCTAD-ICTSD, Supra footnote 2, P.105

import monopoly rights of the patentee and so as to so as to minimize the negative impact of the TRIPS agreement, developing and least-developed countries have adopted international exhaustion regime.<sup>226</sup> In the countries like Ethiopia, international exhaustion principle has importance.

### **3.3.3. Patentee Rights: In case where the Subject matter of Patent is a Process**

Article 28.1(b) states that in case when the subject matter of a patent is a process, the patentee has exclusive right to prevent third parties from the act of using the process. If other third party obtains the product by using process other than protected process, in this case the act of that third party is not considered as infringement, provided that the patentee does not have a patent on that product. According to this provision, the protection also extends to the product obtained directly by that process. The patent owner has an exclusive right to exclude any acts of using, offering for sale, selling, or importing of the product obtained directly by that process. As a principle, the extension under Article 28.1(b) applies when a product has been directly obtained by the patented process, and not merely when it is obtainable by it.<sup>227</sup>

In the Ethiopian Patent system, we do not find different treatment of patentee's rights based on the subject matters of patent (product or process patent). As mentioned earlier, TRIPS agreement provides different sort of patentee's rights based on the subject matters of patent. However, according to Article 22 of the proclamation, patent holders whether their invention is product or process they have almost similar kinds of rights. In relation to process patent, a patentee has an exclusive right to exclude third parties from exploiting the protected process.<sup>228</sup> However, the extension of protection conferred on a process patent to the product directly obtained by that process is not yet included under the Ethiopian patent regime. According to Article 22(2) of the proclamation, the patentee does not have an exclusive right to exclude importation of products directly obtained by patented process. Unlike the case of product patent, in relation to process patent, TRIPS agreement obliges member states to give exclusive right to the patentee to exclude

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<sup>226</sup>. Fikeremarkos Merse(PhD), "Ethiopian's Accession to the WTO: Does it imply anything on access to Affordable Medicines in Ethiopia?," Ethiopian Business law series, Vol.2,2008,P.188

<sup>227</sup>. "The insertion of "at least" in the last sentence of Article 28.1(b) suggests that Members may, but are not obliged to, extend protection to products not directly obtained by the protected process." UNCTAD-ICTSD, Supra footnote 2, P.421

<sup>228</sup>. Proclamation No.125/1995,Supra footnote 6,Article,22(1)

importation of product directly obtained by patented process. Mostly, in relation with process patent Article 22 is incompatible with the TRIPS counterpart.

### **3.3.4. Other Rights of the Patentee**

Additional to the patentee's exclusive rights to exclude third parties, the patentee also has the right to assign, transfer by succession and to conclude licensing contracts. According to Article 28(2) of the TRIPS agreement, patent owners also have the right to assign or transfer by succession and to conclude licensing contracts. As per Article 6 of the proclamation, transfer by sale or inheritance or by any other means which change the ownership must be in writing and recorded by the commission. Note that all powers and duties of the commission in relation with intellectual properties have been transferred to the Ethiopian Intellectual property office via proclamation No.320/2003.<sup>229</sup> As per article 27(1) the patentee has a right to conclude licensing contract, however, there is no expressly stated provision in the proclamation that deals with the relationship between the contracting parties.

### **3.4. Exceptions to the Exclusive Rights of the Patentee**

#### **3.4.1. Patent Exceptions under Article 30 of TRIPS Agreement**

Patent protection is considered as one means of achieving the objectives of public policies. For instance, patent protection is considered as a stimulating factor for innovative activities. Many countries have adopted policies related with building of their technological capacity and as a result they gave a monopoly right to inventors as to achieve their policy. The exclusive rights of the patentee are not absolute rather they are subject to some overriding public policy objectives. Some argue that the extent of exclusive rights which are given to the patentee must be so as to tackle free riders.

*“.....the interests of patent holders and the interests of society at large are to a greater or lesser extent in conflict. It is true that some degree of exclusive patent rights may be necessary to tackle the “free rider” problem, this argument goes, but in general, given that patent rights are a limited exception themselves to a more general rule against monopolies, the extent of the rights provided to patent holders ought to be confined to the minimum that will encourage the desired*

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<sup>229</sup>. Ethiopian Intellectual Property Office Establishment Proclamation, Proclamation No.320/2003, 'Negart Gazette', Year 9<sup>th</sup>, No.40, Article, 16(1)

*degree of innovation, either through a limitation of the rights initially accorded, or through commensurate exceptions.*”<sup>230</sup>

Under most patent laws, these exclusive rights of the patentee may not be exercised in relation with certain acts of third parties. The purpose and scope of the exceptions may be different among different nations, depending on the policy objectives pursued in each country. Unlike the case of compulsory license, exceptions to patent rights invoked automatically without a need of specific authorization from a government body or judicial organ.<sup>231</sup>

TRIPS agreement allows exceptions to the exclusive rights of the patentee under specified conditions. However, Article 30 of the TRIPS agreement does not stipulate specific acts of third parties which do not fall under the exclusive rights of the patentee. According to Article 30, the validity of exceptions to the patent rights is subject to the fulfillment of three cumulative requirements.<sup>232</sup> Article 30 of the TRIPS agreement was adopted based on Article 9(2) of the Berne Convention.<sup>233</sup> In the view of the panel in Canada-Patent Protection of Pharmaceutical Products, “Article 30 establishes three criteria that must be met in order to qualify for an exception: (1) the exception must be “limited”; (2) the exception must not “unreasonably conflict with normal exploitation of the patent”; (3) the exception must not “unreasonably prejudice the legitimate interests of the patent owner, taking account of the legitimate interests of third parties”. The three conditions are cumulative, each being a separate and independent requirement that must be satisfied. Failure to comply with any one of the three conditions results in the Article 30 exception being disallowed.”<sup>234</sup>

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<sup>230</sup>. Christopher Garrison, “Exceptions to Patent Rights in Developing Countries,” UNCTAD-ICTSD Project on IPRS and Sustainable Development, issue paper No.17,2006,P,21

<sup>231</sup>. UNCTAD-ICTSD, Supra footnote 2,P.,430

<sup>232</sup>. The report of the panel on Canada-Patent Production of Pharmaceutical Products, WT/DS114/R, 17, March 2000

<sup>233</sup>. “It shall be a matter for legislation in the countries of the Union to permit the reproduction of such works in certain special cases, provided that such reproduction does not conflict with a normal exploitation of the work and does not unreasonably prejudice the legitimate interests of the author.” Berne Convention for the Protection of Literary and Artistic Works, September 9, 1886, completed at Paris on May 4, 1896, revised at Berlin on November 13, 1908, completed at Berne on March 20, 1914, revised at Rome on June 2, 1928, at Brussels on June 26, 1948, at Stockholm on July 14, 1967, and at Paris on July 24, 1971, and amended on September 28, 1979, Article, 9(2)

<sup>234</sup>.The Report of the Panel on Canada-Patent of Pharmaceutical Products, Supra footnote 84,Para.7.21

However, TRIPS agreement does not define the meaning and the scope of application of conditions under Article 30 in order to qualify for an exception. Hence, national lawmakers face the complex task of defining possible exceptions to the exclusive rights of the patentee in the light of such conditions. In the legislation process to stipulate exceptions to patent rights in light of the above conditions, comparative law and WTO case law has much importance.<sup>235</sup>

As mentioned earlier, the TRIPS agreement only stipulates three cumulative criteria without stipulating the legitimate grounds. Hence, member or acceding states are at liberty to prescribe possible grounds taking in to account the cumulative requirement of the agreement. The nature and extent of limitation of patentee's rights may be dependant up on the economic development and innovative capacity of the country. As discussed below, developing and least developing countries have adopted broader forms of limitations of the patentee's rights.

#### **3.4.2. Limitation of Patentee's Rights under the Ethiopian Patent Regime**

Under the Ethiopian patent regime, as a reward to the inventor contribution, exclusive rights are given to the patentee for a specific period of time. Exclusive rights of the patentee as enshrined under Article 22 of the proclamation are not absolute rather they are subject to some limitations. In the grounds as stipulated under Article 25 and 26 of the proclamation, third parties has a right to exploit patented inventions without securing the consent of the patentee and the payment of an equitable remuneration. In this instance, the exclusive rights of the patentee to exclude third parties are not applicable. Exclusive rights are given to the patentee so as to achieve some overriding public policy objectives. In the similar manner, in certain circumstances the exclusive rights of the patentee are limited so as to achieve some objectives.

In the countries like Ethiopia which only have few prospective patentees, limitations of patentee's exclusive rights have importance. Patent is a necessary evil because so as to get benefit from the invention, monopoly right is given to the patentee. Hence, the grant of patent by itself has negative impact on the interests and needs of the society. Limitations of patentee's exclusive rights help to minimize the negative impact of patent grant, by permitting third parties to exploit patented inventions without the consent of the patentee so as to achieve some overriding objectives.

Article 25 and 26 of the proclamation stipulate different grounds of limitation of patentee's exclusive rights. The grant of exclusive rights and limitation of these exclusive rights show the

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<sup>235</sup>. UNCTAD-ICTSD, Supra footnote 2,P.431

effort made by the legislature, so as to strike the balance between the two antagonistic interests; the interest of the patentee and the interest to achieve other objectives by using patented inventions. As discussed below, some of the limitations of the patentee's rights under the proclamation are narrower in terms of their scope of application, in comparison with other countries patent system. Additionally, unlike the case of other countries which have few prospective patentees, under the proclamation other possible grounds are not stipulated.

Under Article 25(2) of the proclamation, in case when the public interest, in particular national security, nutrition, health or the development of other vital sectors of the national economy so requires, the appropriate government organ may decide that, even without the agreement of the patentee, a government agency or third party to exploit the invention subject to the payment of an equitable remuneration to the patentee. This provision does not fall under the ambit of limitations to the patentee's rights. Because, in case of limitations of patentee's rights any third party can exploit patented invention without securing the authorization of any government authority and without the payment of an equitable remuneration to the patentee. This provision is not in line with exceptions to patentee's exclusive rights as enshrined under Article 30 of TRIPS agreement. Rather, Article 25(2) of the proclamation is a clear case of government use as enshrined under Article 31 of TRIPS agreement.

### **3.4.3. Long Established Examples of Exceptions to Patent Rights**

Based on comparative law and WTO case law, most of the exceptions under the Ethiopian patent regime are in line with the conditions as enumerated under Article 30 of TRIPS agreement. In the upcoming Ethiopian WTO accession, policy makers should stipulate exhaustive lists of exceptions to the exclusive rights of the patentee, based on comparative law and WTO case law to be in line with the conditions as enumerated under Article 30 of TRIPS agreement.

#### **A. Non-Commercial Use Exceptions**

Around the globe, different forms of exceptions are adopted in terms of the purpose of the uses of patented inventions. Mostly, developed countries adopt narrower form of exception which is only applicable by private individuals for non-commercial purpose. Hence, the patentee will have the right to exclude exploitation of the invention for the commercial or industrial purposes. Additionally "*....activities carried out by non-profit organizations public utilities and charities (e.g. schools, hospitals, churches) or state organs....*" do not fall in the ambit of this

exception.<sup>236</sup>This narrower form of exception (Private and Non-commercial Use exception) shows the stronger form of patent protection under developed countries to promote innovation and this approach reflects the innovative capacity of developed country.

Developing countries adopt broader form of exception which the exclusive rights of the patentee are restricted only to the commercial domain. In this case, non-commercial use either by private individuals or non-profit organizations does not fall under the ambit of the exclusive rights of the patentee. The patentee only has the exclusive right to exclude commercial or industrial activities of third parties.<sup>237</sup> According to Article 25(1) (a) of the proclamation, the exclusive rights of the patentee are not extended to acts done for non-commercial purpose either by private individuals or non-profit organizations. The otherwise reading of this sub-article connotes that the exclusive rights of the patentee is only applicable in relation with acts of third parties related with commercial or industrial purposes. Such kind of exception permits the exploitation of protected inventions for different non-commercial uses. The approach followed by developing countries is also practicable even after the entry into force of the TRIPS Agreement in 1995. For the time being, this approach is compatible with TRIPS agreement. Hence, Article 25(1) (a) of the proclamation is compatible with TRIPS Article 30.

### **B. Experimental or Scientific Use exception**

Experimental or scientific use exception is the most widely known exception to patent rights. The justification for the existence of this exception is similar with the policy reason of patent law, which is to facilitate the dissemination and advancement of technical knowledge.<sup>238</sup> In the absence of this exception, the patent holder will have exclusive right to exclude scientific research; in this case the patent system by itself inhibits the progress of science and technological knowledge. However, the existence of this exception triggers further innovations by using

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<sup>236</sup>. Christopher Garrison, Supra footnote 82, P.3

<sup>237</sup>. Id. P.45

<sup>238</sup> “. . . as an illustration one of the most widely adopted Article 30-type exceptions in national patent laws – the exception under which use of the patented product for scientific experimentation, during the term of the patent and without consent, is not an infringement. It is often argued that this exception is based on the notion that a key public policy purpose underlying patent laws is to facilitate the dissemination and advancement of technical knowledge and that allowing the patent owner to prevent experimental use during the term of the patent would frustrate part of the purpose of the requirement that the nature of the invention be disclosed to the public. To the contrary, the argument concludes, under the policy of the patent laws, both society and the scientist have a ‘legitimate interest’ in using the patent disclosure to support the advance of science and technology.” The report of the panel on Canada-Patent production of Pharmaceutical products, Supra footnote 84, Para. 7.69

patented inventions. Article 25 (1) (b) of the proclamation stipulates experimental or scientific use exception taking in to account its importance in fostering the dissemination and advancement of technical knowledge.

### **C. Prior Use Exception**

The bona fide use of an invention by a third party prior to the filing or priority date of application of the patent is also a well-known ground for exceptions to the exclusive rights of the patentee. Justification for the existence of prior user's exception is stated in the following manner:-

*“Each and every members of the society are obliged by the law to respect the monopoly right of individual because he disclose them the technological information. Those people who have already the knowledge, gains nothing from the disclosure. Hence, they should not be expected to forfeit the right to do what was already their practice.”<sup>239</sup>*

Under Article 26(1) of the proclamation, any person who in good faith, has been using the invention before the filing or priority date of application has a personal right to continue to use that invention, notwithstanding the grant of the patent. In the writer opinion, based on literal reading of the Article, prior user exception is narrowly stipulated in comparison with other countries patent legislation. Firstly, under Article 26 any person to be beneficiary of prior user exception, he/she is required to use the invention before the date of application. Unlike the case of other countries patent legislation<sup>240</sup>, Article 26(1) does not includes those persons who make in good faith effective and serious preparations to exploit the invention before the filing or priority date of application. Additionally, from the reading of the provision prior user exception seems confer prior users only personal right to continue the use of patented invention. The term ‘personal right to use’ also creates ambiguity as to the extent of application of this exception.

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<sup>239</sup>.Semhal Getachew, “Material on Intellectual Properties,” Law Faculty, Mekele University,2004(unpublished), P,68, Cited by Kalkidan Kassaye, in “Infringement of Patent and the Remedies Thereto under Ethiopian Law,” Law faculty, Bahir Dar University,2008(unpublished),P.49

<sup>240</sup>.For instance, Nigeria patent legislation states that “...in good faith and for the purposes of the undertaking was manufacturing the product or applying the process or had made a serious preparation with the view to doing so, then, notwithstanding the grant of a patent there shall exist a tight to .....continue and complete the preparations and thereafter undertake the manufacture or application.....” Christopher Garrison, Supra footnote 82,P.49



Some argued that such right refers only the right to put into practice or using for personal consumption of such invention.<sup>241</sup>

#### **D. Regulatory Review (“Bolar”) exception**

Regulatory or bolar exception is a recently known exception.<sup>242</sup> ‘Bolar exception’ allow generic drug producers to place their products on the market as soon as a patent expires, and thereby allow consumers to obtain medicines at lower prices immediately thereafter.<sup>243</sup> Before the generic medicines are sold in the market, it is mandatory to have marketing approval from a regulatory authority. To get market approval it is necessary to demonstrate that the medicine is safe and effective. In order to prove this to the satisfaction of the regulatory authority, it is usually necessary to carry out a number of clinical trials.<sup>244</sup> In the absence of this exception, producers of generic medicine could not get marketing approval until the lapse of patent protection of the originator version of medicine. Based on Bolar exception, acts aimed exclusively at producing information, data and results of tests, intending to obtain marketing approval is not considered as infringement.<sup>245</sup> The panel in the EC-Canada case confirmed the consistency of Bolar exception with Article 30.<sup>246</sup> This exception has a positive impact on public health, in developing and least developed countries by making those medicines more affordable

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<sup>241</sup>.Kalkidan Kassaye, “Infringement of Patent and the Remedies thereto under Ethiopian Law,” Law faculty, Bahir Dar University,(unpublished),2008,P.49

<sup>242</sup>. “This is generally known as the “Bolar exception”, which was introduced for the first time by the U.S. Drug Price Competition and Patent Term Restoration Act (1984) in order to permit testing of a drug for establishing the bio-equivalency of generic products before the expiration of the relevant patent. This exception is named “Bolar” after a case judged by U.S. courts in *Roche Products Inc. vs. Bolar Pharmaceutical Co.*(733 F. 2d. 858, Fed. Cir. cert. denied 469 US 856, 1984), in which the issue of the exception was dealt with. The court denied Bolar the right to begin the FDA approval process before the expiration of the patent.” UNCTAD-ICTSD, Supra footnote 2, P.431

<sup>243</sup>. Id.P.438

<sup>244</sup>. Christopher Garison, Supra foot note 82,P.13

<sup>245</sup>.Ibid

<sup>246</sup>. “(1) It is not an infringement of a patent for any person to make, construct, use or sell the patented invention solely for uses reasonably related to the development and submission of information required under any law of Canada, a province or a country other than Canada that regulates the manufacture, construction, use or sale of any product.(2) It is not an infringement of a patent for any person who makes, constructs, uses or sells a patented invention in accordance with subsection (1) to make, construct or use the invention, during the applicable period provided for by the regulations, for the manufacture and storage of Articles intended for sale after the date on which the term of the patent expires.” The report of the panel on Canada-patent protection of pharmaceutical products, Supra footnote 84.para.7.76

and more quickly.<sup>247</sup> However, this exception to the patentee's rights does not provide under the Ethiopian patent System.

#### **E. Individual prescriptions or Pharmacy exception**

Even in the existence of patented medicine, Pharmacy exception permits the preparation of a generic version of the patented medicine by pharmacist, in accordance with an individual prescription provided by a doctor or a medical professional, without the permission of the patent holder.<sup>248</sup> *"It would appear that the exception is aimed at solving, the fundamental problem of ensuring that patients are not prevented from receiving the medicine that they have been prescribed by a doctor due to the existence of a patent."*<sup>249</sup> This exception however has not been provided under the Ethiopian patent system and can be incorporated in the future amendment so as to provide additional exception in the area of public health.

#### **F. Foreign Vessels, Aircraft or Land Vehicles exception**

According to this exception the right of the patentee shall not extend to, the use of patented article(machinery, tackle, gear and other accessories,) on aircraft, land vehicles or vessels of other countries temporarily or accidentally enter into the air, space, territory or waters of the other country. Unlike the exceptions discussed above, this exception is mandatory under Paris convention.<sup>250</sup> Hence, because of the cross-reference of TRIPS agreement, member states is obliged to provide this exception as provided under Paris convention. Foreign Vessels, Aircraft or Land Vehicles exception is provided under Article 25(1) (c) of the proclamation. In the upcoming Ethiopian WTO accession, because of the mandatory stipulation of Paris convention this exception will continue as it is.

### **3.5. Compulsory Licence and Government use**

#### **3.5.1. Compulsory Licence and Government use under the TRIPS Agreement**

Monopoly rights of the patentee may have negative impact on the interest of the general public. As a result, the government may try to strike the balance between the two conflicting interests, by limiting the exclusive rights of the patent holder. Compulsory license is one sort of mechanism which is applied to achieve the above kinds of objectives. Under the TRIPS agreement, Article 31 is dedicated to govern issues related with compulsory licensing of patented

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<sup>247</sup>. Christopher Garison, Supra footnote 82,P.13

<sup>248</sup>. Id.P.7

<sup>249</sup>.Ibid

<sup>250</sup>. Paris Convention, Supra footnote 27,Article,5ter

invention.<sup>251</sup> Generally, Compulsory license is defined as the granting of a license by a government to use a patent without the patent-holder's permission.<sup>252</sup>

Article 31 only stipulates some specific grounds as an example for issuing compulsory license. Mainly, Article 31 provides procedures and conditions of issuing a compulsory license. The procedural requirements may vary depending on the contexts in which the compulsory license is employed. According to paragraph 5 of Doha declaration, "*Each Member has the right to grant compulsory licenses and the freedom to determine the grounds upon which such licenses are granted.*"<sup>253</sup> Additionally, Article 8 of TRIPS agreement sets forth general principles that define the grounds under which exceptions are acceptable. According to Article 8, members can adopt measures necessary to protect public health and nutrition, to promote the public interest in sectors of vital importance to their socio-economic and technological development and to prevent the abuse of intellectual property rights by right holders or the resort to practices which unreasonably restrain trade or adversely affect the international transfer of technology, provided that such measures are consistent with the provisions of TRIPS agreement. However, the above grounds are only serving as a general guideline and member states are at liberty to determine the grounds upon which such licenses are granted. In the interest of time and space only most important procedures and conditions under Article 31 of the TRIPS agreement is discussed in the next page.

Unlike the case of Article 30, as per Article 31(a) of the agreement the granting of compulsory license is decided by the government based on its individual merits. Article 31(b) also requires that the person requesting for a compulsory license first needs to undertake negotiations with the patentee for a voluntary license on "*reasonable commercial terms and conditions and that such efforts have not been successful within a reasonable period of time.*" However, the requirement of prior negotiation may be waived in the case of a national emergency or other circumstance of extreme urgency or in cases of public non-commercial use.<sup>254</sup>

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<sup>251</sup>.However, under Article 31 the title is 'other use without Authorization of the right Holder' and under footnote 7 the term 'other use' is explained to mean use other than that allowed under Article 30.

<sup>252</sup>.Sara M. Ford, "Compulsory Licensing Provisions Under the TRIPS Agreement: Balancing Pills and Patents," AM.U.INT.L L. REV. Vol. 15:941,2001, P.,945

<sup>253</sup>. Doha Declaration, Supra footnote 75, Para. 5(b)

<sup>254</sup>."The Article combines a Compulsory license with that of a government use of inventions even if a distinction between the two is made in different national laws. Government use, more commonly known as 'public-non-

As per Article 31(f) of the TRIPS agreement, compulsory licensee is obliged to produce predominantly for the supply of the domestic market. The word “predominantly” is open to different sort of interpretation. However, this term can be interpreted so as to mean more than fifty percent of the production.<sup>255</sup> Compulsory licensee can only export non-predominant amount of the product. In the country with insufficient manufacturing capacity may be allowed the licensee to fulfill the terms of the authorization through importation.

Most importantly, Paragraph 6 of the Doha Declaration recognized the problem that countries with insufficient or no manufacturing capacity in the pharmaceutical sector have in making effective use of compulsory licensing, and directed the TRIPS Council to recommend an expeditious solution.<sup>256</sup> The decision of the general council allows a country with manufacturing capacity to make and export to countries with public health needs. The obligation of an exporting member under Article 31(f) of the TRIPS Agreement is waived<sup>257</sup> and the obligation of that importing member under Article 31(h) is also waived.<sup>258</sup>

### **3.5.2. Compulsory License under the Ethiopian Patent Regime**

Under the Ethiopian patent regime, in the grounds stipulated under Article 29 of the proclamation, compulsory license may be issued to the applicant without the permission of the patent holder. Compulsory license is used as an exception to achieve some overriding public policy objectives or to minimize the negative impact of patent. Compulsory license and limitations of patentee’s rights as stipulated under Article 25 and 26 are used as an exception,

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commercial use’ is an authorization of a government given to a government department to exploit by itself or through a contractor a patented invention without the consent of the right holder, for non-commercial purpose.” Fikeremarkos Merso(PhD), Supra foot note 78,P.172

<sup>255</sup>. “The word “predominantly” refers to the majority part, and would generally suggest that more than fifty percent of the production by a compulsory licensee should be intended for the supply of the domestic market.” UNCTAD-ICTSD, Supra footnote 2, P.474

<sup>256</sup>.Id. P.484

<sup>257</sup>.“The obligations of an exporting Member under Article 31(f) of the TRIPS Agreement shall be waived with respect to the grant by it of a compulsory licence to the extent necessary for the purposes of production of a pharmaceutical product(s) and its export to an eligible importing Member(s) in accordance with the terms.” Decision on Implementation of Paragraph 6 of the Doha Declaration on the TRIPS Agreement and Public Health WT/L/540, 2 September 2003 ,Para.2

<sup>258</sup>.“Where a compulsory licence is granted for the same products in the eligible importing member, the obligation of that member under Article 31(h) shall be waived in respect of those products for which remuneration in accordance with the first sentence of this paragraph is paid in the exporting Member.” Id. Para.3

without securing the consent of the patent holder. However, unlike the case of the later, in case of compulsory licence the authorization of the appropriate government organ is necessary. Additionally, compulsory licensee is required to pay a reasonable exploitation fee to the patentee. In most of the case, limitations of the patentee rights under Article 25 and 26 of the proclamation are applicable for non-commercial purposes. However, compulsory license can be used for commercial purposes with the payment of an equitable remuneration to the patentee. Hence, these two exceptions to the patentee's rights can be utilized in different scenarios, so as to achieve overriding public policy objectives.

Patent systems prescribe based on their particular circumstances, legitimate grounds for the purpose of the issuance of compulsory license. Under the TRIPS agreement, each member has the freedom to determine the grounds upon which such licenses are granted. Legitimate grounds prescribed under the Ethiopian patent regime are limited in terms of their nature and importance. Article 29(1) and (2) of the proclamation deals about the grant of compulsory license in case when certain invention cannot be worked effectively without using other patented invention. In this case, the main objective of compulsory license is to enable the inventor to use other patented invention to exploit his invention effectively. As a result, the society may get benefit from the effective exploitation of the invention. Under Article 29(3) of the proclamation, any person who is capable of working a patented invention can apply for a compulsory license, in case when the patentee fails, without legitimate reason to his inaction, to work his invention in Ethiopia. In this case, the main objective of the grant of compulsory license is to make sure the working of the invention in Ethiopia. As discussed below, unlike the case of Ethiopian patent system, so as to achieve different objectives other patent systems prescribe different grounds for the purpose of issuance of compulsory license. In the country like Ethiopia with different social and economical problems, compulsory license can be used as a means to achieve some public policy objectives. Additionally, as discussed below, so as to minimized the negative impact of patent.

### **3.5.3. Grounds of compulsory license grant**

Based on different grounds the monopoly right of the patentee may be restricted by giving compulsory license to third parties, without the consent of the patent holder. There are two types

of license to use the protected invention with the consent or without the consent of the patentee. Voluntary license agreement is a license agreement between the patentee and third parties in relation with the patented invention. Voluntary license agreement is considered as a right of the patentee. However, monopoly right of the patentee may be restricted by giving compulsory license to third parties so as to achieve certain overriding objectives. The word compulsory refers to the legitimate limitation of patent owner rights by a government.<sup>259</sup> Compulsory license is granted based on different grounds. As stated in the foregoing discussion, TRIPS agreement does not exhaustively stipulate legitimate grounds of compulsory license grant. This will give considerable amount of flexibility to member states to enumerate possible grounds based on their particular needs and interests.

**a) Compulsory License in the case of Dependant Patents**

Sometimes the invention may not be worked effectively without the earlier or the later patented invention. In this instance, compulsory license is granted in favor of the patentee and in the best interest of the general public as to the effective exploitation of the invention. Article 29(1) and (2) of the proclamation deals about the grant of compulsory license, in case when certain invention cannot be worked effectively without using other patented invention.

Article 31(L) of the TRIPS agreement requires that the second invention must involve an important technical advance of considerable economic significance in relation to the invention claimed in the first patent. Compulsory license is only given to; the second patent which have a technical advance in relation to the invention claimed in the first patent. In the Ethiopian patent system, the technical advancement of the second patent is not a prerequisite to get compulsory license. The only prerequisite is that the second patent could not be worked effectively without the first patent and the applicant needs to furnish proof that he has not been able to conclude a license contract with the patentee. Therefore, Article 29(1) of the proclamation is not compatible with Article 31(L) (i) of the TRIPS agreement. Additionally, under the TRIPS agreement the owner of the first patent has a right to entitle cross-license on reasonable terms to use the invention claimed in the second patent and the use authorized in respect of the first patent shall be non-assignable except with the assignment of the second patent. However, in the Ethiopian patent system the first patent holder is only entitled a reasonable exploitation fee.

**b) Compulsory License for Patents Declared to be of Vital Importance to Public Interest**

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<sup>259</sup>. Report of Commission on Intellectual Property Rights and Development Policy, Supra footnote 1,P.42

Under Article 8.1 of the TRIPS agreement, members are at liberty to adopt measures necessary to protect public health and nutrition, and to promote the public interest in sectors of vital importance to their socio-economic and technological development. This measure can be a grant of compulsory license in the best interest of the general public. According to Article 25(2) of the proclamation, in case when the public interest, in particular national security, nutrition, health or the development of other vital sectors of the national economy so requires, the appropriate government organ may decide that, even without the agreement of the patentee, a government agency or third party to exploit the invention subject to the payment of an equitable remuneration to the patentee. The term ‘public interest’ can be interpreted in different way and this will give considerable amount of flexibility to include so many situations under this ground. Under the TRIPS agreement, prior negotiation with the patent holder is waived in the case of national emergency or other circumstances of extreme urgency or in cases of public non-commercial use. Even under Article 25(2) of the proclamation, prior negotiation with the patent holder is not required. However, Article 25(2) is a clear case of public non-commercial use, not a ground for the issuance of compulsory license. However, so as to achieve different overriding objectives, in the upcoming Ethiopian accession to the WTO, policy makers should stipulate ‘public interest’ as a legitimate ground of grant of compulsory license. Because, public non-commercial use of Article 25(2) is limited only to extend to non-commercial use.

**c) Compulsory License in case of abuse of patent rights or anti-competitive practices**

Patent holders may abuse their exclusive patent rights in disregard of the overriding public needs. Their abusive or anti-competitive practices have negative impact on the general public. Paris convention for the protection of industrial property permits the grant of compulsory license so as to prevent the abuses which might result from the exercise of the exclusive rights conferred by the patent, for example, failure to work.<sup>260</sup> According to Article 8.2 of the TRIPS agreement, member states can take appropriate measures to prevent the abuse of intellectual property rights by right holders or the resort to practices which unreasonably restrain trade or adversely affect the international transfer of technology.

Under Article 29(3) of the proclamation, any person who is capable of working a patented invention can apply for a compulsory license, in case when the patentee fails, without legitimate reason to his inaction, to work his invention in Ethiopia, after the expiration of a period of three

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<sup>260</sup>. Paris convention , Supra footnote 27,Article, 5A(2)

years from the date of the patent or four years from the date of filing of the patent application which ever expires last. The proclamation adopts the same standard as enshrined under Article 5A (4) of the Paris convention. The grant of compulsory license based on Article 29(3) is compatible with the TRIPS agreement. The proclamation is only considered failure to work or insufficient work as a ground for compulsory license grant based on abuse of patent rights.<sup>261</sup> Ethiopian patent regime does not govern abuse or anti-competitive practice of patent holders exhaustively. However, there are different kinds of abuse of patent rights or anti-competitive practice by the patent holders. The following can be considered as a legitimate ground of compulsory license grant based on abuse of patent rights or anti-competitive practice.<sup>262</sup>

- ✓ *to satisfy an unmet demand from the public for a patented product;*
- ✓ *to prevent abuses of patent rights including by breaking up competition inhibiting monopolies and cartels;*
- ✓ *to introduce price-reducing competition for important but expensive products, for example, some drugs;*
- ✓ *to prevent the creation of potential competition-inhibiting monopolies and cartels;*

#### **d) Government use or public non-commercial use**

Under TRIPS agreement, government use or public non-commercial use is considered as a legitimate ground to exploit patented inventions by a government department or third parties designated by a government without the consent of the patentee. In the case of government use of invention, prior negotiation obligation is waived. However, the waiver of prior negotiations does not extinguish the obligation of adequate compensation in the circumstances to be paid to the patentee. Government use of invention is only applicable to non-commercial purposes.

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<sup>261</sup>.“ ‘Abuse’ has been widely interpreted across a number of judicial jurisdictions, including situations where patents were being worked, but not sufficiently to satisfy local demand, or at exorbitant prices. The British *Patents and Designs Act, 1949* for example, allowed for the grant of compulsory licenses when demand for a patented article was not being met on reasonable terms, or when the demand was being met “to a substantial extent by importation,” or when the commercial working of a patent was hindered by the importation of the article.” Michael Halewood, “Regulating Patent Holders: Local Working Requirement and Compulsory License at International Law.” OSGOODE Hall Law Journal, Vol. 35.2, P.,268

<sup>262</sup>. Graham Dutfield and Umas Suthersanen, *Supra* footnote 4,P.126



Article 25(2) of the proclamation states that, “*where the public interest, in particular, national, health or the development of other vital sectors of the national economy so requires, the commission may decide that, even without the agreement of the patentee, a government agency or a third party designated by the commission to exploit the invention subject to the payment of an equitable remuneration to the patentee.*” This Article deals about government use of the invention without the consent of the patentee. Government use of invention is only co-related with non-commercial use of the invention.<sup>263</sup> However, the above Article does not stipulate the obligation only to use for non-commercial purposes. For instance, Article 25(2) stipulates that government may use patented invention in case when the development of other vital sectors of the national economy so requires. In this instance, government use of the invention may be extended to commercial purposes. In the upcoming Ethiopian WTO accession, it is necessary to make amendment so as to delimit government use of the invention only for the non-commercial purposes. Additionally, as far as the government use of the invention is for non-commercial purposes, it is unnecessary to stipulate legitimate grounds of government use of the invention like the case of Article 25(2).

### **3.6. Duties of the Patentees**

#### **3.6.1. Duty to Disclose Patented Invention**

The exclusive rights of the patentee emanates from the mutual beneficial bargain between the inventor and the general public. In return for the grant of exclusive rights, the inventor must disclose his invention to make available to the general public.<sup>264</sup> The grant of exclusive rights to the patentee is considered as an incentive to disclose rationale of the patent system.<sup>265</sup> Historically, disclosure has been considered as one of the fundamental principles of patent law. It has been considered as one of the justifications for the granting of patents.<sup>266</sup>

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<sup>263</sup>. TRIPS Agreement, Supra footnote 3, Article, 31(b)

<sup>264</sup>. Dejene Abate, “Patent Monopoly and Public Interest Protection Under the Ethiopian Patent System,” Law Faculty, AAU(Unpublished), 1998, P.45

<sup>265</sup>. Alan Devlin, “The Misunderstood Function of Disclosure in Patent Law,” Harvard Journal of Law & Technology, Vol.23, No.2, 2010, P.8

<sup>266</sup>. “In the absence of protection against imitation by others, an inventor will keep his invention secret. This secret will die with the inventor and society will lose the new art. Hence, a means must be devised to induce the inventor to disclose his secret for the use of future generations. This can best be done by granting him an exclusive patent which protects him against imitation” UNCTAD-ICTSD, Supra footnote 2, P.449

Article 29.1 of the TRIPS agreement provides a mandatory requirement which obliged member states to require inventors to disclose their invention in a manner sufficiently clear and complete for the invention to be carried out by a person skilled in the art. This Article incorporates ‘enablement’ requirement as usually established in the national patent legislations. The specification (Description) of the invention should describe the problem the inventor faced, the prior art and the steps taken to solve the problem.<sup>267</sup> The main purposes of the description are to check whether the inventor has effectively made a patentable invention and to stimulate innovative activities by making available new technical information.<sup>268</sup>

Article 29.1 also stipulates the best mode requirement but it is in a facultative manner. The best mode requirement requires the applicant to indicate the best mode for carrying out the invention known to the inventor at the filing date or, where priority is claimed, at the priority date of the application. The best mode requirement aims at preventing inventors from Concealing preferred embodiments of their invention from the general public.<sup>269</sup> Additionally, Article 29.2 allows members to require information concerning the applicant’s corresponding foreign applications and grants. This may have huge importance in patent offices of developing and least-developing countries, in order to improve and speed up the examination process.<sup>270</sup> However, the application of the information may not be in contravention with the basic principle of independence of patent applications as stipulated under Article 4bis (1) of the Paris convention.

Under the Ethiopian patent system a person having the right to a patent for an invention in accordance with Article 7 of the proclamation may, upon payment of the prescribed fees, apply to the appropriate organ for the grant of a patent for that invention.<sup>271</sup> The application should contain a request for the grant of a patent and include a description of the invention, one or more claims, an abstract and where necessary, drawings.<sup>272</sup>

The description should disclose the invention in a manner sufficiently clear and complete for it to be carried out by a person having ordinary skill in the art.<sup>273</sup> Article 9(4) (b) of the proclamation

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<sup>267</sup> .Id.P.448

<sup>268</sup> .Robert Merges and Richard Nelson, “On limiting or encouraging rivalry in technical Progress: The effect of Patent-Scope Decisions.” The Journal of Economic Behavior and Organization, No.25, 1994, P.129

<sup>269</sup> .UNCTAD-ICTSD, Supra footnote 2, P.451

<sup>270</sup> .Id.P.452

<sup>271</sup> .Proclamation No.125/1995, Supra footnote 6, Article 9(1)

<sup>272</sup> .Id. Article, 9(3)

<sup>273</sup> .Id. Article, 9(4)(b) and Council of Ministers Regulations No.12/1997, Inventions, Minor inventions and Industrial Designs Council of Ministers Regulation, Article, 11(1)(d)

incorporates the “enablement” requirement, so as to enable those skilled persons in the art to make and use the full scope of the invention without undue experimentation.<sup>274</sup> This Article also requires the applicant to indicate at least one mode known to him for carrying out the invention. The applicant may know at the time of application different modes of carrying out the invention, however, under the Ethiopian patent system the applicant only requires to indicate in the application one mode known to him but not necessarily the best mode to carrying out the invention. This will preclude third parties from using the invention based on the best mode for carrying out the invention upon the expiry of the patent.

Claims are part of a patent application which define the scope of protection claimed by the applicant. Claims serve a quite different function from the specification; they define scope of patentee’s exclusive rights which cannot be invaded by third parties without risking an infringement suit.<sup>275</sup> Article 12(1) of the regulation states that the claim should define clearly and concisely the matter for which protection is sought in terms of technical features of the invention. TRIPS agreement provides nothing about the relationship between descriptions and claims of the patent application and about how to interpret claims. This will give member states considerable amount of freedom.

There must be a co-relation between descriptions and claims of a patent application. The description should support the claim, in order to ensure that the exclusive rights granted to the patentee are justified by the actual technical contribution to the art.<sup>276</sup> Under the Ethiopian patent system description of the invention may be used to interpret the claims. This may show the co-relation between descriptions and claims of the patent application.

Different approaches are adopted by different states in relation with interpretation of claims. In some patent systems, a fairly literal approach is adopted, and functional equivalents not claimed in the description will not fall in the ambit of claims. Others treat functional equivalents that would be obvious to third parties skilled in the art as falling within the claims.<sup>277</sup> Under the Ethiopian Patent system, description and drawing of the patent application is used to interpret the claims. Based on the cumulative reading of Article 9(4) (b) (c), 9(5) of the proclamation and

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<sup>274</sup>. “The directions given in the specification for performing the invention must be such as to enable the invention to be carried into effect without an excessive numbers of experiments. See, for instance. The English case of *Plimpton v. malcolmson* (1876)3 Ch D531, 576.”UNCTAD-ICTSD, Supra footnote 2, P.451

<sup>275</sup>.Robert Merges and Richard Nelson, Supra footnote 120,P.129

<sup>276</sup>.Mark Janis, “On courts herding cats : Contending with the “written description” requirement and other unruly patent disclosure doctrines.” Washington University Journal of Law and Policy 2000,Vol.2,P.57

<sup>277</sup>.UNCTAD-ICTSD, Supra footnote 2,P.353

Article 12(1) & (2) of the regulation, a literal approach is adopted and functional equivalents not claimed in the patent application will not fall under the scope of patent protection. This approach has importance in preventing broader patent coverage without sufficient disclosure.

### **3.6.2. Duty to Work Patented Invention**

Local working requirement of patented inventions (in the granting state) was a long standing duty of a patentee. For instance, “*The earliest known statute relating to patents, the Venetian Patent Act of 1474, provided that a patent would be cancelled if it were not actively exploited. The United Kingdom Statute of Monopolies in 1623 similarly required local working of a patent as a condition for retaining the patent.*”<sup>278</sup> As stated in the above discussion, the main reason behind the grant of patent is to achieve some overriding objectives for the benefit of the general public by giving exclusive rights to the patentee. Transfer of technology can be considered as one of the main objectives of patent systems. The primary goal of Local working requirement of patented invention is the transfer of technology. The actual working of patented invention in the granting state is considered as the most efficient way of accomplishing such a transfer to that state.<sup>279</sup>

Prior to Paris Convention, failure to work or importation of patented invention had entailed automatic forfeiture of a patent. This mandatory local working requirement was a reflection of the main objectives of patent systems to bolster domestic industrialization.<sup>280</sup> The 1883 version of Paris convention has prohibited automatic forfeiture of patent as a result of importation of patented articles. Article 5(2), however, stated: “*Nevertheless, the patentee shall remain under the obligation to exploit his patent in accordance with the laws of the country into which he introduces the patent.*” The concept of compulsory licensing was introduced as an amendment in the 1925 Hague Revision as a means to prevent the abuses which might result from the exclusive rights conferred by the patent, for example, failure to work. Paris convention recognized member states right to imposed local working requirement of patented inventions and gives recognition to a failure to work as an “abuse” of international law, for which compulsory licensing was the remedy of first resort.<sup>281</sup> Until the conclusion of TRIPS agreement, throughout the world, local

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<sup>278</sup>.Paul Champ and Amir Attaran, “ Patent Rights and Local Working under the WTO TRIPS Agreement: An Analysis of the U.S.-Brazil Patent Dispute,” *The Yale Journal of International Law*, Vol.27:365,P.371

<sup>279</sup>.Id,P.369

<sup>280</sup>. Michael Halewood, “Regulating Patent Holders: Local Working Requirement and Compulsory License at International Law,” *OSGOODE Hall Law Journal*, Vol. 35.2,P.252

<sup>281</sup>. Paul Champ and Amir Attaran, *Supra* footnote 130,P.372

working has been regarded as a fundamental obligation of patent holders, while failure to work has been considered as a prima facie “abuse” of the patent privilege under international law.<sup>282</sup>

In the Brussels Draft of TRIPS agreement, negotiators agreed as to the grant of compulsory licence in relation with failure to work.<sup>283</sup> However, the final version of the TRIPS agreement does not stipulate grounds of compulsory license grant rather it leaves to the decision of each member states. Hence, failure to work may be considered as a legitimate ground to the grant of compulsory license. However, Article 27.1 of the TRIPS Agreement states that, “*patent rights [shall be] enjoyable without discrimination as to . . . whether products are imported or locally produced.*” Several scholars have taken the position that ‘non-discriminatory’ stipulation of Article 27.1 preclude any country from invoking a local working obligation of the patentee and the Article also redefines ‘working’ to include the possibility of being satisfied by importation alone.<sup>284</sup>

Article 27.1 provides general protections as to the extent of patentee’s rights. However, Article 30 and 31 of the TRIPS agreement provides limitations of patentee’s exclusive rights. The WTO Dispute Settlement Understanding provides that conflict of provisions should be resolved “*in accordance with customary rules of interpretation of public international law.*”<sup>285</sup> One such rule is expressed in the maxim ‘*lex specialis derogat legi generali*’, which provides in essence that where a general legal provision conflicts with a specific legal provision, the specific legal provision prevails.<sup>286</sup> Local working rule can be justified under the exception of Article 31. Hence, exceptional stipulation of local working requirement prevails over the general stipulation of Article 27.1.

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<sup>282</sup>. Ibid

<sup>283</sup>. Id.P.384

<sup>284</sup>. See for example, K.H. Jordan, “International Application of a Domestic Intellectual Property Protection Strategy: Extending a Predatory Litigation Strategy to the European Community” (1995) 11 Santa Clara Computer & High Tech. L.J. 373 at 389-400; M. Doane, “TRIPS and International Intellectual Property Protection in an Age of Advancing Technology” (1994) 9 Am. U. J. Int’l. L. & Pol’y 465 at 479; P. Knudsen, “NAFTA’s Impact on Rights and Remedies under U.S. Patent Law” (1994) 7 N.Y. Int’l L. Rev. 1 at 4; Michael Halewood, Supra footnote 132, P.250

<sup>285</sup>. Paul Champ and Amir Attaran, Supra footnote 130, P.387

<sup>286</sup>. “For an example of a WTO Panel explaining and applying this principle, see Panel Report on Indonesia-Certain Measures Affecting the Automobile Industry, WTO Doc. WT/DS64/R,14.28&n.649(July 2,1998),available at <http://www.wto.org>,” Ibid

Additionally, as per Article 5A (2) of the Paris Convention, which is incorporated by reference into the TRIPS Agreement<sup>287</sup>, member states have the right to take legislative measures providing for the grant of compulsory licenses to prevent the abuses which might result from the exercise of the exclusive rights conferred by the patent, for example, failure to work. As per Article 8:2 of the TRIPS agreement, members can take appropriate measures consistent with TRIPS agreement to prevent the abuse of intellectual property rights by right holders. The grant of Compulsory license can be considered as ‘appropriate measure’ as stipulated under Article 8:2. The reading of Article 5(A) (2) of Paris convention with Article 8:2 and 31 of TRIPS agreement will permit the grant of Compulsory licence based on the ground of failure to work. Lastly, the term ‘working’ does not include the possibility of being satisfied by importation alone.<sup>288</sup>

Under Article 2(9) of the proclamation, ‘Working of a patented Invention’ defined as “*the manufacture of a patented article or the application of a patented process, by an effective and serious establishment existing with in Ethiopia.*” As per Article 27 of the proclamation, the patentee shall have the duties to work with the patented invention or to authorize other persons to do the same in Ethiopia and shall work the invention in a scale which is adequate and reasonable in the circumstances. Under the Ethiopian patent system, the term ‘Working’ does not include the possibility of being satisfied by importation alone rather only satisfied by actual manufacture of a patented article or the application of a patented process, by an effective and serious establishment existing with in Ethiopia.<sup>289</sup> However, failure to work or insufficient working of the invention, in a scale which is adequate and reasonable in the circumstance within either four years from the date of filing of the patent application or three years from the date of the grant, may serve as a legitimate ground of compulsory license grant. Local working requirement and it’s consequence in case of failure to work under Ethiopian patent agreement is compatible with TRIPS agreement.

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<sup>287</sup>. TRIPS Agreement, Supra footnote 3, Article, 2

<sup>288</sup>. “The member states are also free to define what they understand by ‘failure to work.’ Normally, working a patent will be understood to mean working it industrially, namely, by manufacture of the patented product, or industrial application of a patented process. Thus, importation or sale of the patented article, or of the article manufactured by a patented process, will not normally be regarded as ‘working’ the patent.” Michael Halewood, Supra footnote 132, P.253

<sup>289</sup>. Proclamation No.123/1995, Supra footnote 6, Article, 2(9)

Taking in to its positive impact in the transfer of technology and in the creation of employment opportunities, Ethiopian Intellectual property office should follow seriously the working of patented inventions.

### **3.7. Other forms of Protection**

#### **3.7.1. Patent of Introduction**

Patent of Introduction is issued to an invention which has been patented abroad and not expired but has not been patented in Ethiopia following a declaration by the interested party for which he takes full responsibility.<sup>290</sup> Patent of introduction is also referred as patent of importation.<sup>291</sup> Any person can apply for patent of introduction by giving declaration as to the invention. The applicant must be courageous enough to take full responsibility. As per Article 19(1) of the proclamation, the requirement and conditions for a patent of introduction is the same as those prescribed for a patent of invention and subject to the same formalities. However, patent of introduction is granted despite the loss of novelty, caused in particular through the publication and exploitation of the foreign patent.<sup>292</sup> Patent of introduction is not only extended to the holder of a foreign patent, but also extends to any introducing party who is deemed capable of working the invention. However, a patent of introduction which is given to third parties may be considered null and void where the owner of the foreign patent files a corresponding application before the expiration of the period of priority of one year.<sup>293</sup>

The rationale for such kind of protection seems the quest for technological information from abroad and with a hope that such importation would be coupled with the exploitation of the information.<sup>294</sup> However, Ato Wendewesen Belete said that “*in the drafting process of the proclamation the inclusion of patent of introduction had been intended to give second chance for inventors who have not applied for the purpose of patent protection.*”<sup>295</sup> However, patent of introduction has been included in the proclamation to extend not only to inventors but also extended to any introducing party who is deemed capable of working the invention.

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<sup>290</sup>. Id. Article, 18

<sup>291</sup>. Kalkidan Kassaye, Supra footnote 93, P.25

<sup>292</sup>. Ibid

<sup>293</sup>. Proclamation No. 125/1995, Supra footnote 6, Article, 20(1)

<sup>294</sup>. Kalkidan Kassaye, Supra Footnote 93, P.25

<sup>295</sup>. Based on interview conducted with Ato Wendewesen Belete, Supra footnote 13

Patent of introduction is not included under the TRIPS agreement. However, patent of introduction is not incompatible with TRIPS agreement because a patent of introduction which is given to third parties may be considered null and void where the owner of the foreign patent files a corresponding application before the expiration of the period of priority of one year. In the writer's opinion, the main question is the utility of patent of introduction under the Ethiopian context. The subject matter which is eligible for patent of introduction is a foreign patent. At least the inclusion of patent of introduction under the Ethiopian patent systems will motivate the importation of technological information from abroad to Ethiopia. The technological information however would automatically become part of the public domain unless the foreign patent holder files a corresponding application before the expiration of the period of priority of one year.

The only contribution of the applicant of patent of introduction is he makes available the technological information of foreign patent. However, such kinds of technical information can be ascertained by other means to the use of the general public as far as the invention is not protected by patent. Patent of introduction gives a second chance to foreign investors who do not get patent protection under the Ethiopian patent system. A holder of patent of introduction has exclusive monopoly right for the period of ten years.<sup>296</sup> Because of the grant of patent of introduction, any person is excluded from the exploitation of the invention even if the invention is not protected by patent under the Ethiopian patent system.<sup>297</sup>

In the writer's opinion the contribution of the holder of patent of introduction and the extent of rights he gets under Ethiopian patent system is unbalanced. Hence, the legal framework of patent of introduction permits monopoly over knowledge without sufficient contribution to the overriding objectives of patent system which is the advancement of science and technology. In the future amendment or in the upcoming Ethiopian WTO accession, policy makers should exclude patent of introduction from Ethiopian patent system.

### **3.7.2. Utility Model Certificate**

Utility model certificate is given to a minor invention that possesses novelty and industrial applicability.<sup>298</sup> *“In comparison with the normal patent system, utility model or petty patent*

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<sup>296</sup>.Proclamation No.123/1995,Supra footnote 6,Article, 21&28

<sup>297</sup>. “According to the report of EIPO, within one decade, 1505 patent applications are received and a grant is made for 836 applications. Ato Getente Hunegnaw (the EIPO Patent Director) reveals the fact that among these grants, 139 of them are owned by foreigners and the majority of the applications are on Utility model and patent of introduction.”Kalkidan Kassaye, Supra footnote 93,PP.25&26

<sup>298</sup>.ProclamationNo.125/1995,Supra footnote 6,Article, 38(1)



*systems typically requires a lower level of inventive step, provide a shorter period of protection and, in not being subject to any substantive examination prior to grant, are cheaper to obtain.”<sup>299</sup>*

Under the Ethiopian Patent system for the purpose of utility model certificate grant, the invention is required to be novel (but a national novelty) and needs to have industrial applicability. Unlike the case of normal patent, however, it is short of inventive step. *“Such improvements, whilst not necessarily having the level of inventiveness for normal patent protection, do nevertheless contribute to technological advancement and should be encouraged.”<sup>300</sup>*

In our circumstance, even if innovative capacity of the country in terms of advanced inventions is low, stronger legal framework of utility model certificate may be used as ingredient in building up the indigenous technological capability of our country. In the future amendment or in the upcoming Ethiopian accession, policy makers should adopt favorable legal framework of utility model certificate (i.e. stronger form of protection) so as to build up the indigenous technological capability of our country.

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<sup>299</sup>.”In some jurisdictions, for example, Germany, the level of inventive step required to obtain a petty patent is the same as that for a full patent.” Report of the commission on Intellectual Property Rights and Development Policy, Supra footnote 1,P,121

<sup>300</sup>.Ibid

## Chapter Four

### Acquisition, Maintenance and Enforcement of Patent Rights

#### 4.1. Acquisition and Maintenance of Patent Rights

##### 4.1.1. Formality and Procedural Requirements

As mentioned in the above chapter, the acquisition of patent rights is subject to the fulfillment of substantive requirements. Additionally, the acquisition of patent rights is subject to the compliance of certain procedures and formalities such as, registration, application fee. These procedures and formalities are designed so as to serve certain public policy objectives.<sup>301</sup>

TRIPS agreement stipulates general guidelines relate with procedures and formalities that a member may require for the acquisition of patent rights. Article 62 of the TRIPS agreement is the sole Article which deals about the acquisition and maintenance of intellectual property rights and it prescribes members obligation in general term without prescribing in detail.

Unlike the case of substantive requirements of patent, TRIPS agreement does not attempt to harmonize procedural and formality requirements for the acquisition of patent rights. Rather, Article 62.1 recognized members' sovereignty to require the compliance with reasonable procedures and formalities as a condition of the acquisition of patent rights. As per Article 62.1, the procedures and formalities that a Member may require for the acquisition of patent rights have to be reasonable. However, the TRIPS Agreement does not define the term "reasonable". Thus, Members enjoy some flexibility as to the implementation of this requirement.<sup>302</sup> Additionally, such procedures and formalities need to be consistent with the mandatory provisions of the TRIPS Agreement. In relation with the meaning of "reasonable" some argue that;

*"In general terms, "reasonable" may be interpreted as letting members impose formalities that are adequate to their purpose, but on the other hand not overly restrictive on the applicant. In other words, there should be a balance between the operation of the formalities, on the one hand, and the availability of IPRs, on the other."*<sup>303</sup>

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<sup>301</sup>. "For example, the registration of IPRs serves the purposes of transparency and legal certainty: third parties may easily verify whether a product is protected by an IPR and who the owner of this right is." UNCTAD-ICTSD, "Resource Book on TRIPS and Development," Cambridge University Press,2005,P.622

<sup>302</sup>.Ibid

<sup>303</sup>.Ibid

The writer's agrees with the above interpretation of the term 'reasonable'. Hence, certain formality requirement is considered as reasonable, as far as it is necessary to achieve its purpose. Under the Ethiopian patent system, the acquisition of patent rights is subject to the compliance of certain procedures and formalities. Under the proclamation and regulations, there are procedures and formalities for the purpose of acquisition of patent rights. Article 9(3) and 9(4)(a) of the proclamation and the regulations pertaining thereto and the requirements of Article 5, 8, 9(7) and 9(8) and 10 of the proclamation are considered as formality requirements for the purpose of acquisition of patent rights.<sup>304</sup> These formality requirements are not directly related with the substance of the invention. Rather, they are related with the patent application and the applicant. To assess the compatibility of these formality requirements, it is necessary to analyze the purpose of each formality requirements.

According to Article 8 of the proclamation, the inventor should be named as such in the application and the patent, unless in a special written declaration addressed to the EIPO he indicates that he wishes not to be named. In this instance, the formality requirement is, the inventor requires to address his wishes (not to be named) in the special written declaration. Unwritten declaration of the inventor is not acceptable, because he is not in compliance with the formality requirement. The main objective of this formality requirement is so as to clearly ascertain the inventor's intention and to use as evidence.

According to Article 9(3) of the proclamation, the patent application needs to contain a request for the grant of a patent and includes a description of the invention, one or more claims, an abstract and where necessary drawings.<sup>305</sup> The main purposes of this formality requirement is to facilitate the examination process as to the substance, to clearly examine whether the applicant came up with a patentable invention, to clearly delimit the rights which is covered under the patent application and to clearly disclose the technological information to the general public.

According to Article 9(4) (a) of the proclamation, the patent application should contain a petition to the effect that a patent be granted, the name of and other prescribed data concerning the applicant, the inventor and the agent, if any and the title of the invention. The main purpose of

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<sup>304</sup>.Inventions, Minor inventions and Industrial Designs Reg.No.12/1997, 'Negarit Gazette', 3<sup>rd</sup> year No.27, Article, 27(1)

<sup>305</sup>.Inventions, Minor Inventions and Industrial Designs Proc.No.123/1995, 'Negarit Gazette', Year 54 No.25, Article 9(3)

this formality requirement is to clearly identify the identity of the applicant and to gather information in relation with the applicant and the invention.

As per Article 9(7) of the proclamation, an applicant who is not domiciled or who has not established business in Ethiopia requires to appoint an agent who is domiciled in Ethiopia. In this instance, the main purpose of this formality requirement is to easily communicate with the applicant through the agent.

To achieve the above overriding objectives, Ethiopian intellectual property office examines as to the fulfillment of the above formality requirements.<sup>306</sup> In case when EIPO finds that the formality requirements are not fulfilled, it invites the applicant in writing, to file the required correction within two months from the date of the invitation, together with the payment of the prescribed fee.<sup>307</sup> If the applicant fails to amend as required within the prescribed time limit, the application is considered withdrawn.<sup>308</sup>

In the writer's opinion, the above formality requirements are reasonable and consistent with the TRIPS agreement, because they are applied only so as to achieve certain policy objectives and they are not overly restrictive on the applicant. Additionally, in case of non-compliance the applicant also gets second chance. In the upcoming Ethiopian WTO accession, policy makers have legislative freedom to stipulate formality requirements so as to achieve some public policy objectives, as far as they are not overly restrictive on the applicant.

#### **4.1.2. Examination of Patent Application**

Unlike the case of copy right, patent grant is subject to examination process, in relation with the fulfillment of formality and substantive requirements. In the first place, the appropriate government organ examines the fulfillment of formality requirements. In the fulfillment of formality requirements, examination as to the fulfillment of substantive requirement is undertaken. As mentioned in the above discussions, formality and substantive requirements are prescribed so as to achieve some overriding public objectives. So as to achieve these objectives, the appropriate organ should examine the fulfillments of formality and substantive requirements. According to Article 62.2 of the TRIPS agreement, in case where the acquisition of an intellectual property right is subject to the right being granted or registered, the procedures for the grant or registration should permit the granting or registration of the right within a reasonable

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<sup>306</sup>. Id. Article 13(2) and Patent Regulation No.12/97, Supra footnote 4,Article 27(3)

<sup>307</sup>.Id. Article 27(2)

<sup>308</sup>. Patent Proclamation No.123/95, Supra footnote 5,Article,13(2)

period of time, so as to avoid unwarranted curtailment of the period of protection. Article 62.2 tries to prevent overly long examination or registration procedures. Because, for instance in case patent the term of patent protection starts to be counted from the date of filing. In order to prevent an unwarranted curtailment of the period of protection, Article 62.2 obligates members to permit the granting or registration of a right within a reasonable period of time.<sup>309</sup>

Like the case of the Article 62.1, Article 62.2 also requires the granting or registration of a right to be with a reasonable period of time. Again, the TRIPS agreement does not define the term “reasonable”. Thus, member states have considerable leeway as to the implementation of this requirement. This requirement is implemented based on each country capacity and policy objectives. For instance, *“If a Member considers that in the pursuit of certain policy objectives, a detailed and time-consuming granting procedure is required, the amount of time taken would seem reasonable as long as any shorter time frame would not suffice for the realization of the respective policy objective.”*<sup>310</sup>

In the Ethiopian patent system, the patent application is subject to examination process. The examination process is divided in to two phases; examination as to form and substance. As mentioned in the above discussions, so as to achieve some overriding objectives and to preclude free riders who get patent without sufficient contribution, the Ethiopian patent system prescribes formality and substantive requirements. The examination process is undertaken to assess the fulfillment of these mandatory requirements and to make sure that the above objectives are achieved.

Examination as to form is not directly related with the substance of the invention. Rather, it examines the fulfillment of formality requirements. Under the Ethiopian Patent system, Article 9(3) and 9(4)(a) of the proclamation and the regulations pertaining thereto and the requirements of Article 5, 8,9(7) and 9(8) and10 of the proclamation are considered as formality requirements. Examination as to form is undertaken by the Ethiopian Intellectual property office. In case when EIPO finds that the formality requirements are not fulfilled, it invites the applicant in writing, to file the required correction within two months from the date of the invitation, together with the

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<sup>309</sup> .UNCTAD-ICTSD, Supra footnote 1,P.623

<sup>310</sup> .Ibid

payment of the prescribed fee.<sup>311</sup> In case when EIPO determines that the patent application is acceptable, the next phase is examination as to substance.

Examination as to substance relates with the substantive requirements of patent protection. According to Article 13(3) of the proclamation, EIPO undertakes or cause to be undertaken a substantive examination of the invention. From the reading of Article 13(3) of the proclamation and Article 28(2) of the regulation, prior art search and substantive examination may be undertaken by the authority designated by EIPO. Unlike the case of examination as to form, substantive examination is undertaken by experienced technical and legal experts.<sup>312</sup> Ethiopian Intellectual property office does not have qualified personnel to undertake prior art search and substantive examinations. Hence, prior art search and substantive examination are undertaken by foreign organizations. Because of this fact, the examination process takes up to two years.<sup>313</sup>

In the writer's opinion, the examination procedures prescribed under the Ethiopian patent system are not unreasonably time-consuming. However, overly long period of examination is created because of the serious shortage of qualified personnel.

#### **4.1.3. Maintenance of Patent Rights**

Article 62.1 of the TRIPS agreement safeguards members' sovereignty to require the compliance with reasonable procedures and formalities as a condition of the maintenance of patent rights, but at the same time makes sure that they do not prevent the effective protection of patent rights.<sup>314</sup> So as to achieve certain public policy objectives, members may require the fulfillment of certain procedures or formalities as a condition of the maintenance of patent rights. However, as per Article 62.1 of the TRIPS agreement the procedures and formalities have to be reasonable. As mentioned in the above discussion, the term 'reasonable' may be interpreted "*.....as letting members to impose formalities that are adequate to their purpose, but on the other hand not overly restrictive on the applicant.*"<sup>315</sup>

Under the Ethiopian patent system, in order to maintain the patent right, an annual fee needs to be paid in advance to the EIPO. A period of grace of six months is allowed for the late payment

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<sup>311</sup>. Patent Regulations No. 12/97, Supra footnote 4, Article, 27(2)

<sup>312</sup>. Id. Article, 28(2)

<sup>313</sup>. Based on interview conducted with Ato Girma Bejga, Patent search and substantive examination team coordinator of EIPO, on 29 November 2010

<sup>314</sup>. UNCTD-ICTSD, Supra footnote 1, P.622

<sup>315</sup>. Ibid

of the annual fee on payment of the prescribed surcharge.<sup>316</sup> As per Article 34(2) of the proclamation, failure to pay the annual fee is considered as a legitimate ground of termination of a patent. This requirement is reasonable as far as it is adequate to achieve its purpose. However, this requirement may be considered as unreasonable, in case when the required amount becomes very high. In the Ethiopian patent system, payment of annual fee is the only requirement to maintain patent rights.

As discussed below, Article 62.4 requires procedures concerning the acquisition or maintenance of patent rights need to be applied based on the general principles set out in paragraphs 2(fair and equitable procedures) and 3(for reasoned decisions) of Article 41. Article 62.5 also requires final administrative decisions concerning the acquisition or maintenance of patent rights to be subject to review by a judicial or quasi-judicial authority. In the similar manner, under Article 54 of the proclamation the party aggrieved by the decisions of EIPO concerning the acquisition or maintenance of patent rights has appeal right to the court.

#### **4.2. Enforcement of Patent Rights**

The term ‘enforcement’ refers to the act or process of compelling the compliance with a law, mandate, command, decree or agreement.<sup>317</sup> In the case of patent, it relates with the act or process to prevent or obtain remedies for infringement of the patent rights. An infringement occurs when acts under the exclusive rights of the patentee are performed by third parties without the consent of the patent holder or without the authorization of the competent authority. As stated in the above discussion, the patent holder has a negative right to exclude third parties from the exploitation of the patent without his consent or without the authorization of the competent authority. In the absence of effective enforcement mechanisms, the grant of exclusive rights to the patent holder has little importance. Thus, the existence of effective enforcement mechanisms plays a crucial role in the protection of the patent holder’s rights and interests.

TRIPS agreement stipulates general guidelines in relation with the enforcement of intellectual properties. Unlike the case of substantive requirements, the agreement does not attempt to harmonize enforcement procedures and remedies. Rather, it provides a result oriented standard. The agreement provides enforcement obligations in terms of general obligations, civil and administrative procedures and remedies and criminal procedures and penalties. In the next pages,

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<sup>316</sup>.Patent Proclamation No.123/95, Article, 17(1)

<sup>317</sup>.Bryan A. Garner (ed.), “Black’s Law Dictionary,” 8th edition, P.569

the compatibility of the enforcement procedures and remedies under Ethiopian patent system will be assessed in light of TRIPS result oriented standards. Additionally, unlike the case of the previous chapter, it is difficult to strictly assess the compatibility. Because, the TRIPS agreement designed in a result oriented manner, in most of the case these stipulations of the agreement can be assessed after the country joined WTO. As a solution to this problem, this section will be discussed in light of the general guide lines of TRIPS agreement.<sup>318</sup>

#### **4.2.1. General Obligations**

A mere existence of patent rights has little importance without sufficient and effective enforcement procedures and remedies. Unlike substantive standards of intellectual properties, TRIPS agreement does not attempt to harmonize enforcement procedures and remedies, due to the wide difference in national laws.<sup>319</sup> However, the agreement provides general enforcement obligations which should be applied based on the method determined by each member.<sup>320</sup> Additionally, the preamble states that members recognized “*the need for new rules and disciplines concerning . . . (c) the provision of effective and appropriate means for the enforcement of trade-related intellectual property rights, taking into account differences in national legal systems*”<sup>321</sup> Generally, enforcement of IP rights are dependent upon objectives of IP regimes and judiciary system of each state, therefore, the agreement leaves the detail to each member by only prescribing general standards.

Article 41 provides general obligations relating to enforcement of intellectual property rights. It includes obligations in relation with the availability of procedures to prevent and remedy infringement, the basic conditions that such procedures need to fulfill, decisions and their review, and the forum for infringement proceeding.

Article 41.1 stipulates the basic obligation in relation with enforcement procedures. Members are obliged to establish procedures that “*permit effective action against any acts of infringement of intellectual property rights.*” However, TRIPS agreement failed to prescribe the standard to consider certain enforcement procedure as it permits effective action against infringements. The

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<sup>318</sup>. Under the Ethiopian Patent regime, we do not find sufficient stipulations in relation with enforcement procedures and remedies of patent infringement. Thus to fill this loophole, it necessitates the use of other appropriate legislations. Additionally, unlike the case of the previous chapter, it is difficult to strictly assess the compatibility.

<sup>319</sup>. UNCTAD-ICTSD, Supra foot note 1,P.575

<sup>320</sup>. “*Agreement on Trade –Related Aspects of Intellectual Property Rights,*” Apr.15, 1994, Marrakesh Agreement Establishing the world Trade organization, Annex 1c,[hereinafter TRIPS Agreement], Article, 1.1

<sup>321</sup>. Id. Preamble



TRIPS preamble states that the provision of effective and appropriate means for the enforcement of trade-related intellectual property rights needs to take into account differences in national legal systems. Hence, the effectiveness of a given enforcement procedure may be assessed based on each state's particular circumstances and their legal system. Literally, member state enforcement procedures are considered as 'effective', when procedures stipulated under part III of the TRIPS agreement are included under the legal system of that state.<sup>322</sup>

Additionally, Article 41.1 requires the inclusion of two types of remedies: "*expeditious remedies to prevent infringements and remedies which constitute a deterrent to further infringements.*"<sup>323</sup>

*"A Member should be deemed to provide "expeditious" preventive remedies if it complies with the obligations set forth in Article 50 (provisional measures) and Article 51 (border measures), and to comply with the obligation relating to remedies which constitute a deterrent to further infringements, if it provides for injunctions, damages and seizure to the extent mandated by the Agreement."*<sup>324</sup>

According to the second sentence of Article 41.1, procedures are applied in a manner as to avoid the creation of barriers to legitimate trade and to provide for safeguards against their abuse. This sentence is included in light of the stipulation of the preamble<sup>325</sup> and Article 8.2<sup>326</sup> of the TRIPS agreement. Members are obliged to apply enforcement procedures in a manner as to avoid the creation of barriers to legitimate trade and to provide for safeguards against their abuse. Right holders may use enforcement procedures in an unjustifiable manner to exclude competitors. For instance, "strategic litigation" is used by large companies (often based on weak or invalid titles) targeted at small and medium companies which cannot bear the high costs and lengthy procedures involved in IPR litigation.<sup>327</sup> In this instance, TRIPS agreement tries to strike the balance between the right of holders and legitimate trade. Thus, enforcement procedures are

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<sup>322</sup>. "The wording of Article 41.1 suggests that members would comply with the agreement's obligations if they make available the appropriate procedures as required in part III, that is, the obligation to provide effective measures other than those stipulated in part III. Hence, any judgment about compliance should be objectively based on whether members have made or not the required procedures available." UNCTAD-ICTSD, Supra footnote 1,P.580

<sup>323</sup>. TRIPS Agreement, Supra footnote 20,Article,41.1

<sup>324</sup>. UNCTAD-ICTSD, Supra footnote 1,P.581

<sup>325</sup>. "Desiring...to ensure that measures and procedures to enforce intellectual property rights do not themselves become barriers to trade." TRIPS Agreement ,Supra footnote 20, Preamble

<sup>326</sup>. "Appropriate measures, provided that they are consistent with the provisions of this Agreement, maybe needed to prevent the abuses to prevent the abuse of intellectual property rights by right holder or the resort to practices which unreasonably restrain trade or adversely affect the international transfer of technology." Id.Article,8.2

<sup>327</sup>. Carlos Correa, "Internationalization of the patent system and new technologies," Wisconsin International Law Journal,Vol.20,No.3,P.543

applied for the benefit of right holders as far as they are not barrier to legitimate trade and applied in abusive manner.

Article 42.2 requires procedures concerning the enforcement of intellectual property rights to be '*fair and equitable*'. However, the agreement does not indicate specific conditions in which certain procedure to be considered as fair and equitable. This Article only stipulates situations that could presumably make a procedure unfair or inequitable, based on complexity, costs, time-limits and duration.<sup>328</sup> Additionally, Article 42 also prescribes procedures that are considered as '*fair and equitable*' such as the opportunity to be heard, to be represented by independent legal counsel and to present evidence before a decision on the merits is adopted. This will give member states considerable amount of freedom to prescribe procedures based on their particular situation. From the reading of Article 41.1 and 42, the fairness and equitableness of a given procedure is evaluated based on each country's economical standard and their legal system. Thus, the consideration of certain procedure as fair and equitable is dependent up on each country's particular circumstance.

Article 41.3 requires that "*decisions on the merits of a case shall preferably be in writing and reasoned*". This paragraph also requires decisions on the merits of a case to be made available at least to the parties to the proceeding without undue delay. In this context, members have considerable freedom to establish how "undue" can be interpreted.<sup>329</sup> The last sentence of this paragraph also requires that decisions on the merits of a case to be based only on evidence in respect of which parties were offered the opportunity to be heard. However, obligations under this paragraph are only applied in relation with decisions on the merits of the case and not to provisional measures as enshrined under Article 50.

Article 41.4 requires that parties to a proceeding to have an opportunity for review by a judicial authority of final administrative decisions relating to enforcement of IPRs. This paragraph also requires the judicial review of initial judicial decisions. Under this Article, there are three possible limitations to the rights of appeal. Firstly, the right of appeal is only relating with the legal aspects of such decisions, therefore appeals do not address findings of fact. Secondly,

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<sup>328</sup>.UNCTAD-ICTSD, Supra footnote 1,P.582

<sup>329</sup>. "The terminology of the agreement relating to procedural delays is not uniform. Article 41.2 refers to "unwarranted delays" and Article 50.4 to "without delay". It is unclear whether the use of "undue" and "unwarranted" may led to different solutions ("undue" is excessive, disproportionate"; "unwarranted" means "unauthorized: unjustified", The concise oxford Dictionary, 8<sup>th</sup> edition, 1990, pp.1334 and 1348). The expression "without delay" in Article 50.4 seems to establish a higher standard ,requiring authorities to take prompt action. Note also that Article 44.1 and 50.1(a) require that action be taken "immediately". "Id.583

appeal rights are subject to jurisdictional provisions in a member's law concerning the importance of a case. Finally, there shall be no obligation to provide an opportunity for review of acquittals in criminal cases.

Article 45.5 exempts member states from any obligation either “*to put in place a judicial system for the enforcement of intellectual property rights distinct from that for the enforcement of law in general*” or to redistribute their resources “*as between enforcement of intellectual property rights and the enforcement of law in general.*” This paragraph was included based on the proposal of Indian delegation, in order to address the concerns of developing countries. For instance, USA has established a special jurisdiction and this is considered as one of key factors that contributed to the strengthening of IPR protection in the US since 1980's.<sup>330</sup> However, based on Article 41.5 members are not obliged to establish special court to entertain intellectual property issues and also to allocate special funds to this area. From the perspective of developing countries, this paragraph is considered as “*a trade-off for their acceptance of generalized substantive standards of protection.*”<sup>331</sup>

Article 41 does not stipulate enforcement procedures in detail rather it stipulates result-oriented obligations taking into account differences among member states. This will permit members to fulfill their enforcement obligation under TRIPS agreement in light of their particular circumstance. In most of the case, it is difficult to assess the compatibility of the prospective acceding state enforcement procedures in light of minimum requirements of the TRIPS agreement. Because, TRIPS agreement mostly stipulates result oriented standards. To achieve these result oriented obligations, member states have liberty to use their own methods. In the writer's opinion, the compatibility of countries enforcement procedures can be assessed after they joined WTO.

Under the patent proclamation, there are only few provisions which deal about the enforcement of patent rights such as, Article 24, 25(2) and 54. Enforcement of patent rights include civil, administrative and criminal procedures and remedies. As per Article 24 of the proclamation, the patentee has a right to institute court proceeding against any person who infringes the patent. This Article refers the right of the patentee to institute civil proceeding but not criminal

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<sup>330</sup>. John Barton, “Adapting the intellectual property system to new technologies,” International Journal of Technology Management, Vol.10 No.2/3,1995,P.163

<sup>331</sup>.Jasna Arsic, “Combating Trade in Counterfeit Goods-The GATT and the EC approaches, World Competition,” Law & Econ.Rev,1996,P.75

proceeding. Because, as a principle criminal proceedings institute by the state. However, the proclamation is silent in relation with civil and administrative procedures and remedies in case of patent infringement. Only there are provisions which give appeal rights to the patent holder.<sup>332</sup> Thus, to remedy this legal loophole, it is advisable to resort to the relevant legislations.

Unlike the case of copy right and trade mark proclamation, the patent proclamation said nothing in relation with criminal prosecution of patent infringers. In the next discussion the writer will discuss this issue in a very detail manner from different perspective.

#### **4.2.2. Civil and Administrative Procedures and Remedies**

TRIPS agreement provides civil and administrative procedures and remedies that are applicable to prevent or remedy infringement of intellectual property. The TRIPS agreement stipulates procedures so as to get remedy for the infringements. There are also different kinds of remedies available to the right holder. To this effect the agreement prescribes obligations that are followed by member states. However, the obligations are not prescribed in a detail manner, rather they are result-oriented.

Under the Ethiopian patent system, as per Article 24 of the proclamation the patentee has a right to institute civil proceeding against any person who infringes the patent. The civil remedies aim at preventing harms from materialization, or once the harm is sustained, at reinstating the victim. However, neither the patent proclamation nor any legislation provides a specific stipulation in relation with procedures and remedies available to the patentee. It fails to describe the appropriate procedures and remedies in case of patent infringement. Unlike the case of the patent proclamation, the copy right proclamation clearly stipulates civil remedies available in case of copy right infringement.<sup>333</sup>

To rectify this legal loophole, it is better to cross-refer to the appropriate provisions of the civil code dealing with extra-contractual liability. The application of these provisions in case of patent infringement is justifiable because the infringer exploits the patented invention without the consent of the patentee, therefore, it directly call for the application of non-contractual provisions to govern the matter. Besides, infringement of patent is considered as fault as per Article 2035 (offence against patent laws) which deals about extra-contractual liability. Patent infringement is considered as a fault base liability. Fault base liability includes any act done intentionally or in

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<sup>332</sup>. Patent Proclamation No.123/1995, Supra foot note 5,Article,25(2)&54

<sup>333</sup>. Copyright and Neighboring Rights Protection Proclamation No.410/2004, Negarit Gazette, 10<sup>th</sup> year ,No. 55,Article, 34 &35

mere negligence.<sup>334</sup> A certain act may be considered as patent infringement, if the infringer knows or has reasonable grounds to know that dealing in such subject matter would entail the infringement of a patent right. However, fault based liability does not include bona fide acquirer. Based on the cumulative reading of Article 2029(1), 2035(1) and 2039(a) of the civil code, bona fide acquirers of patented invention are not liable under the extra-contractual provisions of the civil code. This is not incompatible with the TRIPS stipulation. Thus, those procedures and remedies stipulated under the extra-contractual provisions of the civil code shall be applicable to the patent infringement.

TRIPS agreement stipulates different kinds of procedures and remedies related with intellectual property infringement. In the next pages, in the interest of time and space only the most important civil procedures and remedies are discussed in comparison with the Ethiopian counterpart.

#### **A. Injunctions**

Article 44.1 of the TRIPS agreement requires that the judicial authorities to have the authority to order a party to desist from an infringement. In this instance, injunction used as a means to prohibit an infringer from continuing activities which amount to infringement. This Article particularly declares the importance of injunction so as to prevent the entry into the channels of commerce of imported goods that involve the infringement of intellectual property right, immediately after customs clearance of such goods. As an exception, members are not obliged to accord the authority to grant injunctions in respect of protected subject matter acquired or ordered by a person prior to knowing or having reasonable grounds to know that dealing in such subject matter would entail the infringement of an intellectual property right. This Article makes clear that injunction is not used in relation with the bona fide acquirers.

Based on the law and practice of US<sup>335</sup>, Article 44.2 excludes the granting of injunction in relation with government use and other uses authorized by the government, without the authorization of the right holder. In this instance, the right holder only can claim payment of remuneration in accordance with subparagraph (h) of Article 31. The second sentence of this paragraph states that “*In other cases, the remedies under this Part shall apply or, where these*

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<sup>334</sup>. Civil Code of the Empire of Ethiopia ,Pro.No.165/1960,Negarit Gazette,19<sup>th</sup> year,No.2,Article, 2029(1)

<sup>335</sup>. “The US law limits the right holders of patents and copyrights to seeking “reasonable and entire compensation” from the US federal government where it has used without authorization.” UNCTAD-ICTSD, Supra footnote 1, P.591

*remedies are inconsistent with a Member's law, declaratory judgments and adequate compensation shall be available.*” This sentence stipulates broader stipulation which includes remedies under part III of TRIPS and not only injunction as stipulated under Article 44. According to this stipulation, in case when remedies under part III of TRIPS agreement are inconsistent with national laws, members are at liberty to limit remedies only to declaratory judgments and adequate compensation.

As stated in the above discussion, the patent proclamation fails to stipulate appropriate remedies and procedures which can apply in case of patent infringement. Hence, it is appropriate to cross-refer to the provisions of civil code dealing with extra-contractual liability. As per Article 2121 of the Civil Code, injunction is granted only where there are good reasons to believe that the act prejudicial to the plaintiff is likely to be carried out and the injury with which he is threatened is such that it cannot be made good by damages. In this case the injunction is only ordered, if the harm cannot be made good by the damages. In case of patent proceedings, injunction can be used as a remedy only in exceptional circumstances when the acts of infringement is likely to be carried out and the injury cannot be made good by damages.

Under the Ethiopian patent system, injunction is not granted against bona fide acquirers because those individuals who know or have reasonable grounds to know that dealing in such subject matter would entail the infringement of patent rights are only liable extra-contractually based on their fault (intention or negligence).<sup>336</sup> Hence, bona fide acquirers are not liable extra-contractually. In line with TRIPS counterpart, Article 25(2) makes clear that in case of government use or third party authorized by government, the right holder only can claim payment of equitable remuneration.

Under the Ethiopian Patent system, injunction is available to the patentee as a remedy to infringement, only in the exceptional circumstances where the cumulative requirements of Article 2121 are fulfilled. Under many patent systems, injunction is also ordered in exceptional circumstances and this is justified based on different policy reasons.<sup>337</sup>

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<sup>336</sup>. Civil Code, Supra footnote 34, Article, 2039

<sup>337</sup>. “In many countries injunctions are difficult to obtain in intellectual property disputes, particularly those involving patent infringement, because in most cases damages are a sufficient remedy until the issues of infringement and (validity) are settled at trial. Thus, in the USA the judges would normally consider whether: there is a reasonable likelihood that the patent, if challenged by the defendant as being invalid, be declared valid; any delay in granting such measures will cause an irreparable harm to the patent holder; the harm that may be caused to the title holder exceeds the harm that the party allegedly infringing the patent will suffer in case the measure was

In the writer's opinion restrictive use of injunction in relation with patent infringement has importance such as, sometimes the patent may be invalid; therefore in such case the injunction may cause an irreparable harm to the defendant. The use of Article 2121 of the civil code in relation with patent infringement is not incompatible with TRIPS agreement. Because, the second sentence of Article 42.2 permits the grant of injunction only in exceptional circumstances.

### **B. Damages and Recovery of Profits**

Article 45.1 of the TRIPS agreement stipulates mandatory obligation that requires the judicial authorities to have the power to order the infringer to pay the right holder damages adequate to compensate for the injury the right holder has suffered. However, an infringer who did not know, or had no reasonable grounds to know, that he is engaged in infringing activity is not required to pay damages. Hence, the obligation to pay damages is related with an infringer who knowingly, or with reasonable grounds to know, is engaged in infringing activity.

Article 45.2 requires members to empower the judicial authority to have the authority to order the infringer to pay the right holder expenses, which may include appropriate attorney's fees. The second sentence of Article 45.2 stipulates optional stipulation, according to which, in appropriate cases, members may authorize the judicial authorities to order recovery of profits and/or payment of pre-established damages even where the infringer did not knowingly, or with reasonable grounds to know, engage in infringing activity.

Under Ethiopian patent system, patent infringement is considered as a fault based liability; therefore tortious rules concerning damages apply to remedy damage caused by patent infringement. As per the extra-contractual provisions of the civil code, if the right holder establishes in the proceeding that the infringement has occurred or is occurring, he is entitled to the damages which the court will assess.<sup>338</sup> There are two types of damage: material or moral. In most of the case patent infringement is related with material damage which refers to financial loss suffered by the right holder. According to Article 2091 of the civil code, the extent of the damages is equal to the damage caused to the right holder. To compensate the victim, firstly, the court should assess the extent of injury the right holder has suffered. Additional to compensation to the material damage, in appropriate cases, the right holder is entitled to moral damages. In this

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wrongly granted; and whether there is a reasonable likelihood that the patent is infringed; and granting of the measure would be consistent with the public interest." UNCTAD-ICTSD, Supra footnote 1,P.603

<sup>338</sup>.Civil Code, Supra footnote 34,Article,2028&2091

instance, assessment of damages under Ethiopian patent system is compatible with the TRIPS counterpart.

Sometimes the extent of profit collected by the infringer may be greater than the actual injury caused to the right holder. In this instance, the law is silent as to who is entitled the profit arising from the infringement. Article 45.2 of the TRIPS agreement provides optional stipulation which, in appropriate cases, members may authorize the judicial authorities to order recovery of profits and/or payment of pre-established damages. G.Krzeczunowicz suggests that the best approach in Ethiopian context, with the view to deterring wrongdoers, is to let the victim collect the excess amount than letting the offender swallow it.<sup>339</sup>In the writer's opinion, so as to give additional incentive to the patent holder, the excess benefit where the infringer has collected must be given to the victim.

### **C. Other Remedies**

Article 46 of the TRIPS agreement requires members to give the judicial authority's additional authority in order to create an effective deterrent to infringement. The authority may be related with the power to order that goods found to be infringing , without compensation of any sort, to be disposed of outside the channels of commerce in such a manner as to avoid any harm caused to the right holder, or, unless this would be contrary to existing constitutional requirements, to be destroyed. In Ethiopian patent system, we do not find such kind of provisions. Additionally, there is no rule governing this matter under the civil code provisions dealing with extra-contractual liabilities. In this regard, the Ethiopian patent system is not in line with a mandatory stipulation of Article 46 of the TRIPS agreement.

### **D. Process Patents: Reversal of Burden of Proof**

Article 34 of the TRIPS agreement is concerned with patents the subject matter of which is a process for obtaining a product. This Article reverses the well-known procedural principle under which the person asserting a fact must prove it.<sup>340</sup> Article 34.1 requires members to empower their judicial authorities to order the defendant to prove that the process to obtain an identical product is different from the patented process. Thus, the defendant has a burden to prove that the

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<sup>339</sup>.G.Krzeczunowicz, "The Ethiopia Law of Compensation for Damage," Addis Ababa, Faculty of Law,1977,P.41

<sup>340</sup>.UNCTD-ICTSD, Supra footnote 1,P.496



process used by him to obtain an identical product is different from the patented process.<sup>341</sup> Because of the presumption of innocence in criminal cases, the reversal of burden of proof applies only to the civil proceedings.

If the defendant proves that the process used by him is different from the patented process, in this instance, the plaintiff has a burden to prove that the processes are equivalent. The defendant only has a burden of proof to show the process used by him is not identical, but does not extend to proof that the processes are not equivalent.<sup>342</sup>

In addition to requiring that judges to be empowered to order the reversal, Article 34 provides for the establishment of a presumption, in the absence of proof to the contrary, to be deemed to have been obtained by the patented process. The second sentence of Article 34.1 requires members to provide in at least one of the following circumstances (*if the product obtained by the patented process is new or if there is a substantial likelihood that the identical product was made by the process and the owner of the patent has been unable through reasonable efforts to determine the process actually used*), that any identical product when produced without the consent of the patent owner, in the absence of proof to the contrary, to be deemed to have been obtained by the patented process. However, as per Article 34.2 members are free to oblige the alleged infringer to prove only if the condition referred to in subparagraph (a) is fulfilled or only if the condition referred to in subparagraph (b) is fulfilled.

In most of the case, burden of proof relates with the obligation to prove the existence of certain fact for the satisfaction of the court. In this instance, the main question is in the court proceedings which party has a burden to prove. As a principle, in the evidence law the party who alleges the existence of the fact has a burden to prove up to the satisfaction of the court. In other words, the injured party or the party who claims performance by other party has a burden of proof.<sup>343</sup> In most of the case, the plaintiff has a burden to prove his allegations. However, this does not mean that in all circumstances the plaintiff has a burden of proof; exceptionally the

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<sup>341</sup>. “Its purpose is to meet the so called “*probatio diabolica*”: it is always difficult for a plaintiff owning a process patent to prove whether or not the process used by the alleged infringer to manufacture an identical product to the one resulting from the patented process infringers his exclusive right, unless the plaintiff gains access to the manufacturing process of the alleged infringer.” Id. PP.496&497

<sup>342</sup>. “...the defendant’s burden of proving the contrary “is confined to disclosing the process actually used by the defendant (which would convert the proceedings into a mere comparison of both processes) and to show that the two processes are not identical, but not that the presumption also involves proof that the processes are not equivalent.”Id.P.499

<sup>343</sup>. Tatak Tadese, “Basic Concepts of Evidence Law,” AAU Press,1997,P.279

defendant has a burden of proof. For instance, in case when the plaintiff alleges that the employer did not pay his salary, in this instance, if the defendant (employer) denies the allegation of the plaintiff, the defendant has a burden to prove that the salary is paid to the plaintiff.

Under the Ethiopian legal system, we do not find a clear guideline in relation with burden of proof.<sup>344</sup>As stated in the above discussion, provisions of the civil code dealing with extra-contractual liability are applied in case of patent infringement. As per Article 2041 of the civil code, the victim requires to establish the amount of damage and to prove the circumstance which renders the defendant liable to make it good. In case of extra-contractual proceedings, the injured person has a burden to prove the extent of damage and the circumstance which renders the defendant liable. Hence, in case of extra-contractual proceedings the plaintiff has a burden of proof. Based on Article 2041 of the civil code, under Ethiopian patent system the patent holder or the plaintiff has a burden to prove the extent of damage and the circumstance which renders the defendant liable. Unlike the case of TRIPS agreement, under the Ethiopian patent system the plaintiff has a burden of proof, even though, in relation with patents the subject matter of which is a process for obtaining a product. In this regard, the Ethiopian patent system is incompatible with Article 34 of the TRIPS agreement.

#### **4.2.3. Provisional Measures**

Article 50 of the TRIPS agreement stipulates minimum requirements to be met by proceedings for provisional measures. Provisional measures aim at preventing any third party from engaging in a particular act, these are generally known as “preliminary”, “interlocutory” or “interim” injunctions.<sup>345</sup>Unlike the above remedies provisional measures are used as a mechanism to prevent certain intellectual property from infringement. Article 50.1 obliges member states to empower their judicial authority to have a power to order prompt and effective provisional measures, to prevent an infringement of any intellectual property right from occurring and to preserve relevant evidence in regard to the alleged infringement. Article 50 of the TRIPS agreement stipulates different kinds of procedures which are used to prevent an infringement of intellectual property from occurring and to preserve relevant evidence.

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<sup>344</sup>. The civil procedure code is silent in relation with the burden of proof. However, there are provisions which directly or indirectly deal about the burden of proof Such as under the civil code Article 896, 2001,2141,2285(3),2351(2) 2553,2667 and under the commercial code Article 364(4),591,634(2),676(2),699.

<sup>345</sup>.UNCTD-ICTSD, Supra footnote 1,P.602

The patent proclamation does not stipulate any provisional measure so as to prevent an infringement of patent from occurring and to preserve relevant evidence. So as to rectify this loophole, the relevant provisions of the civil code dealing with extra-contractual liability and relevant provisions of the civil procedure code can be used as a gap filling provision. For instance, injunction may be ordered as per Article 2121 of the civil code, so as to prevent an infringement of patent. However, we do not find a clear provisional measure so as to prevent relevant evidence. Unlike the case of the copyrights proclamation, the Ethiopian patent system does not provide sufficient mechanisms and procedures so as to prevent an infringement of patent from occurring and to preserve relevant evidence. In this regard, the Ethiopian patent system is not in line with the mandatory stipulations of Article 50 of the TRIPS agreement.

#### **4.2.4. Criminalization of Patent Infringement and its Procedures**

As stated in the forgoing discussion, TRIPS agreement stipulates civil and administrative procedures and remedies to rectify infringement of intellectual property. These procedures and remedies can be considered as one means to protect the need and interest of intellectual property holder and also they facilitate international trade. Based on this, TRIPS agreement sets a result oriented standards which oblige member states to come up with uniform result based on their own enforcement mechanism. Under Article 61 of TRIPS agreement also stipulates criminal procedures and penalties which are applied in case of intellectual property infringement.

Article 61 provides a mandatory obligation to provide criminal procedures and penalties to be applied in cases of wilful trademark counterfeiting or copyright piracy on a commercial scale. In the TRIPS agreement, obligatorily members are obliged to criminalize wilful trademark counterfeiting or copyright piracy on a commercial scale. In this case, criminal remedies include imprisonment and/or monetary fines sufficient to provide a deterrent, consistent with the level of penalties applied for crimes of a corresponding gravity.

During TRIPS negotiations some delegations argued for the inclusion of a comprehensive application of criminal procedures and sanctions in cases of infringement of intellectual property.<sup>346</sup> However, TRIPS agreement does not oblige members to criminalize the infringement of other fields of intellectual property. The last sentence of the TRIPS agreement stipulates a permissive stipulation which states that “*members may provide for criminal procedures and penalties to be applied in other cases of infringement of intellectual property*”

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<sup>346</sup>.UNCTD-ICTSD, Supra footnote 1,P.619

*rights, in particular where they are committed wilfully and on a commercial scale.”* Therefore, under the TRIPS agreement members do not have a mandatory obligation to criminalize patent infringement. In this regard, members have a considerable leeway to take decision based on their own particular circumstance.

Unlike the copyrights and trademark protection proclamations, the patent proclamation provides nothing in relation with the criminalization of patent infringement and it does not make any reference to the criminal code. The patent proclamation is silent as to the criminal liability of the patent infringer. Hence, in such kind of legal loophole, it must to resort to the criminal code provisions dealing with crimes against intangible rights.

Crimes against intangible rights are dealt under Articles 717-724 of the criminal code. From intellectual property perspective, these provisions are designed to deal with criminal prosecutions relating to infringements of trademarks and rights relating to Literary, Artistic or Creative works. The criminal code does not make any clear reference as to the criminalization of patent infringement. In relation with the criminalization of patent infringement in the Ethiopian legal system, two antagonistic arguments are forwarded.

In the first spectrum, some argue that under the Ethiopian legal system patent infringement is punishable under the criminal code. To support their argument they refer to Article 721(*Infringements of rights relating to Literary, Artistic and Creative works*) of the criminal code. As per Article 721(1), “*whoever...intentionally violates laws, regulations or rules issued in relation to rights on Literary and Artistic or Creative works is punishable.....*”(emphasis added). Ato Haftom Keste, a federal public prosecutor said that “*unlike the case of trademark and copy right, the criminal code does not provide any clear stipulation as to the criminal liability of a patent infringer. However, under Article 721 the term ‘creative work’ also includes patent. Whosoever intentionally or negligently violates laws, regulations or rules issued in relation to rights on creative works is punishable. Hence, infringement of patent is punishable under Article 721 of the criminal code.*”<sup>347</sup> Based on this argument, the term creative work is interpreted so as to encompass patent infringement.

In the other spectrum some argue that Article 721 seems to have been designed in order to regulate matters concerning literary and Artistic works. From the reading of the caption of Article 721, the provision is directly applicable to copyrightable subject matters. The creation of

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<sup>347</sup>.Based on interview conducted with Ato Haftom Keste, a federal public prosecutor, on 19 November 2010

crimes by analogy is strictly prohibited under the criminal code.<sup>348</sup> Moreover, the preposition ‘or’ also assures the emphasis given with regard to such properties i.e. Literary and Artistic work not patent.<sup>349</sup>

In the writer’s opinion, neither the patent proclamation nor the criminal code provides any clear and specific stipulation as to the criminalization of infringement of patent. However, two antagonistic arguments are raised in relation with the meaning and interpretation of the term ‘creative work’ under Article 721 of the criminal code. As per Article 721 of the criminal code, any intentional or negligent acts of third parties which violate laws, regulations or rules issued in relation to rights on creative works are criminally punishable. The term ‘creative work’ refers to works that emanate from the intellectual creativity of any person. This term encompasses many works which are a result of intellectual creativity; however, acts in relation with the creative work to be criminally punishable, the work must have protection by the laws, regulations or rules. Hence, patent protects intellectual creativity in terms of invention, therefore inventions are considered as creative work of the inventor. Additionally, the patent holder has an exclusive right recognized by the law. Hence, as per Article 721 of the criminal code, any intentional or negligent acts of third parties in relation with the patented invention which violate laws, regulations or rules issued in relation with the exclusive rights of the patent holder are criminally punishable. As stated in the above discussion, TRIPS agreement does not oblige the criminalization of patent infringement. Hence, in light of TRIPS minimum standard, the criminalization of patent infringement under Article 721 is a sort of extensive protection.

In the countries which have few prospective domestic inventors, mostly foreign patent holders are beneficial from the criminalization of patent infringement. The criminalization of patent infringement seriously excludes the society from unauthorized exploitation of the patented invention.<sup>350</sup> Small and medium enterprises are not willing to operate around the patented invention. This will have negative impact on the country economy and in the process of

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<sup>348</sup> The Criminal Code of the Federal Democratic Republic of Ethiopia Proclamation No.414/2004, Article, 2(3)

<sup>349</sup> Kalkidan Kassaye, “Infringement of Patent and the Remedies thereto Under Ethiopian Law,” Bahir Dar University, Law Faculty, (unpublished), 2008, P.82

<sup>350</sup> “So when a company reviews the patent landscape, it will often conclude that certain patents that it would infringe where it to launch a new product are not in fact valid, often because the technology the patents cover was not in fact novel or because it was actually obvious to one skilled in the art.....So criminalizing such good faith.....but intentional...patent infringements will threaten the balance in the patent system by encouraging the pursuit and enforcement of weak patent claims.” Thomas Vinje, “The Harmonization of Criminal Sanctions in the field of Intellectual Property,” 2005, P.3

transforming innovative capacity. Criminalization of patent infringement has its own additional problems. For instance, “A criminal accusation carries out many negative effects (in terms of prestige, defense costs, restrictions to travel abroad, etc.). Even if the defendants can prove to be innocent, the risk of facing criminal actions may often be strong enough to dissuade a firm from activities that the title holder may argue are infringing. Unlike the case of trademark counterfeiting or copyright piracy, a patent infringement cannot be established without an expert investigation, including determining whether there is “equivalence” or not.”<sup>351</sup> Because of the above reasons, even countries which have a number of prospective patentees, exclude patent infringement from criminal sanction such as, under the U.S. federal law criminal penalties are not extended to patent infringement.<sup>352</sup>

In a country, the criminalization of patent infringement must be determined taking in to account different interests and objectives. In the countries like Ethiopia which only have few prospective inventors, exemption of patent infringement from criminal prosecution is justifiable.<sup>353</sup> Criminalization of infringement of trademark and copy right is at least necessary as to protect domestic interests. As we know many Ethiopians have vested interest in the protection of trademark and copyright. However, domestic innovative capacity is minimal. Hence, criminalization of patent infringement mostly gives benefit to foreign patent holders. From the reading of the Amharic version of Article 1 of the criminal code we can understand that, one of the main objects and purposes of the criminal code is to ensure the interest of the state, its people, and inhabitants for the public good. In the writer’s opinion, in most of the case the state, its people and inhabitation does not have a direct interest on the protection of patent. Some may argue that criminalization of patent infringement is necessary to stimulate transfer of technology. However, transfer of technology can be stimulated by making available effective forms of civil remedy.

The criminalization of patent infringement has negative impact on the interest of the general public. For instance, even though in existence of patented medicine the availability of generic version of medicine has importance to the society in terms of cost and easily availability. However, in the existence of criminal prosecution, individuals may not take the risk to make

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<sup>351</sup>. UNCTD-ICTSD, Supra footnote 1,P.621

<sup>352</sup>.Ibid

<sup>353</sup>. In our circumstance, the criminalization of patent infringement gives benefit to foreign patent holders. Generally, the innovative capacity of the country is very much low. Hence, criminalization of patent infringement only gives benefits to foreign patent holders by disregarding the interest of the country.

available the generic version of medicine. Thus, this will have negative impact on the health of the general public. On the other hand, unlike the case of infringement of copy right and trademark counterfeiting, in case of patent infringement proceeding, it is difficult to prove the infringement without the expert investigation. In our circumstance, it is difficult to get expert in the entire fields of technology. This will create additional cost and burden on the government and courts. As to strike the balance between the interest of the society and foreign patent holders as to stimulate the transfer of technology, policy makers should make available effective forms of civil remedy.

## **Conclusion and Recommendations**

### **1. Conclusions**

As mentioned in the above discussions, TRIPS agreement provides substantive minimum standards. Members or new acceding states are required to make compatible their respective intellectual property legislations with the mandatory minimum standards of the TRIPS agreement. Under the Ethiopian patent regime, Proclamation No. 123/1995 and Regulation No.12/1997 govern matters in relation with patent protection. Under the patent proclamation, some of provisions are compatible with the TRIPS substantive minimum standards. For instance, Article 4(1) (b), 9(4) (b), 25(1) (2), 26, 29 are compatible with the TRIPS counterparts of minimum standard of protection. In the upcoming Ethiopian accession to WTO, in relation with those compatible provisions no need to change unless they give an extensive protection than required by the TRIPS minimum standards of protection.

Under the patent proclamation, some of provisions are inconsistent with the TRIPS minimum standards of protection. For instance, Article 4(1) (a), 16, 22 are incompatible with the TRIPS counterparts. These provisions are incompatible because they are not in line with the TRIPS minimum standard of protection. Additionally, according to Article 2 of the TRIPS agreement member states have obligation to comply with some of the provisions of the Paris conventions. Mostly, the Ethiopian patent regime complies with the relevant provisions of the convention. However, the Ethiopian patent regime is against the principle of independence of patent applications as enshrined under Article 4bis of the Paris convention. Because, the decision of EIPO as to the fulfillment of patentability criteria (novelty, inventive step and industrial applicability) is fully dependant up on the prior decision or assessment of foreign patent offices.

In this regard, for the successful accomplishment of the accession process, the amendment of the patent legislations is necessary to make those incompatible provisions consistent with the TRIPS minimum standards of protection. Unlike the case of the existing patent regime, the amendment will create stronger form of patent protection. For instance, as per Article 16 of the proclamation the exclusive right of patent is given for an initial period of fifteen years, however in the upcoming accession the minimum period of protection extends up to twenty years. This gives benefit to foreign patent holders; however it has its own negative impact on the country.

In the first place, because of the poor innovative capacity, Ethiopia could not get benefit from other member state stronger form of patent protection. Ethiopia is only obliged to make available



strongest form of patent protection to foreign innovators. Additionally, it also affects the society in terms of the availability of affordable products and also precludes the society from working around the patentable inventions. However, minimum standards of the TRIPS agreement are not open for the discussion; rather as prerequisite, acceding states are required to make their legislation compatible with the minimum standards of protection. In our circumstance, it is not advisable to have strongest form of patent protection, however, in the forthcoming Ethiopian WTO accession, the patent legislations should be amended so as to be in line with the minimum standards of protection of the TRIPS agreement and at the same time to alleviate or reduce the negative impact of the TRIPS agreement by using TRIPS flexibilities or loopholes.

In some instance, TRIPS agreement leaves certain issues for the treatment of each member states without prescribing obligatory standard. This gives member states considerable amount of freedom to treat the matter based on their particular circumstance. In the countries like Ethiopia, TRIPS flexibility or loopholes should be used in a way so as to alleviate or reduce the negative impact of the agreement. In most of the case, under the patent proclamation the above TRIPS flexibilities and loopholes are not treated in a way to create a space to use patentable inventions to the utility of the general public or to exclude certain types of invention from patent protection, taking into account certain public policy reasons.

For instance, the TRIPS agreement permits exceptional use of patented invention without the authorization of the patentee. In this instance, the agreement requires the fulfillment of certain condition without prescribing the legitimate grounds. Hence, members can prescribe many legitimate grounds to use the patented invention without the authorization of the right holder. However, the proclamation does not treat such kinds of matter exhaustively so as to benefit the society or to achieve certain policy objectives.

In some instance, the Ethiopian patent regime provides an extensive protection than required by the TRIPS agreement. Members can provide more extensive protection than is required by the TRIPS agreement, provided that such protection does not contravene the provisions of the agreement. The inclusion of a more extensive protection is advocated by countries which have highest innovative capacity, so as to encourage or protect their innovative industries. However, in the countries like Ethiopia which have few prospective innovators, the adoption of more extensive protection than TRIPS minimum standard is not necessary.

In relation with enforcement of patent rights, the proclamation only declares the patentee's right to institute civil proceeding in case of infringement and the right of appeal, without prescribing procedures and remedies. Unlike the case of uniform substantive standards, TRIPS agreement does not prescribe each and every civil and administrative procedures and remedies. Rather the agreement stipulates result oriented obligations. This permits members to implement based on their own methods. Insufficiency of the proclamation in relation with procedures and remedies which may be applied in case of patent infringement may rectify by resorting to the appropriate legislations. In this regard, procedures and remedies under the Ethiopian legal system are mostly compatible with the TRIPS counterpart. However, some of the procedures and remedies are incompatible with the TRIPS agreement. Additionally, some of minimum standards provided by the TRIPS agreement are not covered under the Ethiopian patent regime such as, provisional measures.

The TRIPS agreement does not oblige the criminal prosecution of patent infringer. It leaves for the treatment of each member state. However, under the Ethiopian legal system, patent infringement is criminally punishable. This can be considers as a more extensive protection than required by the TRIPS agreement. Because of the country's poor innovative capacity, this stipulation primarily benefits foreign patent holders and the society at large does not have interest in the criminalization of patent infringement. In case of trademark and copy right, many Ethiopians and inhabitants have primary interest in their protection. In this instance, criminalization of the infringement of trademark and copyright is justifiable so as to protect the interest of the society. According to Article 1 of the criminal code, the main purpose of the criminal code is to ensure order, peace and security of its state, its people, and inhabitants for the public good. It is difficult to the sort out the interest of the state or the public which demand the criminalization of foreign patent infringement.

## **2. Recommendations**

The following are recommendations forwarded by the writer;

- ✓ In the upcoming Ethiopian WTO accession, patent legislations need not only amended for the purpose of WTO accession. Rather, the amendment must consider the innovative capacity and the current needs and interest of the country.
- ✓ For the successful accomplishment of the accession process, amendment of those incompatible provisions is necessary to make consistent with the TRIPS minimum

standards of protection. The amendment should only aim to make incompatible provisions in line with the TRIPS requirement but not to adopt more extensive protection than the TRIPS minimum standards of protection.

- ✓ Because of the scarcity of qualified personnel, examination as to the substance is dependant up on decision or assessment of foreign patent offices. Hence, this practice of the EIPO is against the principle of independence of patent applications as enshrined under Article 4bis of the Paris convention. This cannot be solved by amending legislations. To solve the problem of the scarcity of qualified personnel, different measures need to be taken, Such as, capacity building training to staff of EIPO, requiring technical assistance from foreign patent offices or contracting out the examination of patents.
- ✓ In the future amendment, TRIPS flexibilities and loopholes must be used in a way to alleviate or minimized the negative impact of TRIPS agreement. In the countries like Ethiopia which have few prospective patentees, stronger form of patent protection is not necessary. Hence, TRIPS flexibilities and loopholes could be used to exclude certain types of invention or so as to achieve certain policy objectives. For instance, under the TRIPS agreement members are at liberty to establish their own system in relation with exhaustion of patent rights. Hence, based on the current circumstance of Ethiopia, international exhaustion principle is best suited.
- ✓ Under the Ethiopian patent system, in some instance, more extensive protection than required by the TRIPS agreement is provided. In our circumstance, stronger or more extensive protection is not in line with the poor innovative capacity of the country. It only gives benefit to the foreign patent holders. Hence, in the future amendment or in the upcoming Ethiopian WTO accession, policy makers should exclude more extensive protection than required by the TRIPS agreement.

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