

**IN THE COURT OF APPEAL OF THE DEMOCRATIC SOCIALIST
REPUBLIC OF SRI LANKA.**

In the matter of an application under Article
140 of the Constitution for Mandate in the
nature of Writs of Certiorari and
Prohibition.

K.I.K. Land (Pvt) Limited
Spur Road, -02
Phase 01,
Export Processing Zone
Katunayake

Petitioner.

CA 83/09

Vs.

1. D.M. Karunarathna
Director Intellectual Property
National Intellectual Property Office
1st Floor, No. 400,
D.R. Wijewrdene Mawatha,
Colombo-10.

2. Logstrup Erik Landsperg
Gratiavej 12, DK, -3070
Snekkersten
Denmark.

Also at

Elsteel Limited
Spur Road- 02
Export Processing Zone
Katunayake

3. Hon. Attorney-General
Attorney General's Department
Hulftsdorp
Colombo-12.

Respondents.

BEFORE; Sathya Hettige P.C. J, President of the Court of Appeal
Anil Goonaratne J, Judge of the Court of Appeal

COUNSEL: Dr. Harsha Cabral PC with Buddhika Ilangatilake and Kushan Ilangatilake For the petitioner

Mahendra Kumarasinghe with Jayarani Kumarasinghe for 2nd respondent

Mrs. Murdu Fernando DSG for 1st and 3rd respondent

Argued on 27/04/2009, 28/09/2010 and 29/10/2010

Written Submissions tendered on 05/10/2009

DECIDED: on 23/05/2011

SATHYA HETTIGE P.C. J P/CA

The petitioner in this application is a limited liability Company registered under the provisions of Board of Investment Law No. 04 of 1978 and is engaged in the business of manufacture, supply and export of low voltage Distribution and Control Systems.

The 2nd respondent is the inventor and the purported registered owner the Patent bearing no. 10824 registered by the 1st respondent on or about 13/11/1995.

The petitioner states that the petitioner company had a longstanding business relationship with the 2nd respondent and Elsteel limited owned by the 2nd respondent. It is further stated that the consequent to a complaint made by the 2nd respondent to the Criminal Investigation Department claiming that 2nd respondent was the registered owner of the Patent bearing no. 10824 and the import of Frame Construction parts by the petitioner is an infringement of its Patent No. 10824, the Criminal Investigation Department obtained a search warrant from the Magistrate's Court of Negambo and seized the Frame Construction parts imported by the petitioner. It was further revealed that pursuant to a search at the National Intellectual Property Office that the petitioner found that the Patent no. 10824 had not been renewed by the 2nd respondent from 13th November 1997.

The petitioner further submitted that the petitioner became aware that the 1st respondent had purportedly renewed the said patent no. 10824 on the 9th January 2009

The petitioner to this application is seeking, inter alia, a Writ of Certiorari quashing the decision of the 1st respondent, the Director General of Intellectual Property to accept the payment of annual fees in respect of the Patent bearing No. 10824 owned by the 2nd respondent and further seeks a Writ of Prohibition prohibiting the 1st respondent from renewing the Patent No. 10824 in future.

The petitioner company contends that the non-payment of the annual fees in respect of the Patent at least during the grace period allowed by the proviso to section 83 (2) of the Intellectual Property Act No. 30 of 2003 results in the permanent loss of the patent. Section 83 of the Intellectual Property Act provides as follows:

Section 83 (1) " Subject and without prejudice to the other provisions of this Part a Patent shall expire twenty years after the filing date of application for its registration .

Section 83 (2) reads as follows

" Where a patentee intends at the expiration of the second year from the date of grant of Patent to keep the same in force he shall, twelve months prior to the date of expiration of the second and each succeeding year term during the term of the patent , pay the prescribed annual fee:

Provided however, that a grace period of six months shall be allowed after the date such expiration , upon payment of such surcharge as may be prescribed .

Provided further that the patentee may pay in advance the whole or any portion of the aggregate of the prescribed annual fees"

When this application was supported on 18/02/2009 learned counsel for the 2nd respondent strongly objected to the application for any interim

relief being granted to the petitioner. However, 2nd respondent gave an undertaking to court that the status quo would be maintained .

The petitioner's complaint is that the 2nd respondent failed and neglected to take necessary steps to keep the Patent bearing No. 10824 in force after 13th November 1997 in terms of Code of Intellectual Property Act NO 52 of 1979.

Petitioner states that the Patent in question had lapsed and or has ceased to be in force after 13th November 1997 and the purported renewal of the Patent by the 1st respondent after more than 11 years of the expiry of the said Patent is arbitrary, illegal, unreasonable and ultra vires the powers of the 1st respondent and is ex facie null and void in law.

The petitioner in these proceedings is challenging the act of the 1st respondent by renewing the "Patent" after 11 years of expiry. It was also submitted that the grace period allowed by the Code of Intellectual property Act No. 52 of 1979 and the Intellectual property Act No 36 of 2003 for the renewal of the patent in question lapsed on 12 May 1998. The petitioner submits that the 2nd respondent failed to pay the prescribed fee and renew the patent for more than 10 ½ years after the lapse of the grace period for payment. The learned President's Counsel heavily relied on the provisions in section 83 (2) of the Intellectual Property Act No. 36 of 2003 provides as follows:

" Where a patentee at the expiration of the second year from the date of grant of the patent to keep the same in force he shall, twelve months prior to the date of expiration of the second and each succeeding year during the term of the patent , pay the prescribed annual fee.

Provided however, that a period of six months shall be allowed after the date of such expiration upon payment of such surcharge as may be prescribed."

Learned President's Counsel for petitioner contended that there is no provision in the Intellectual Property Act no 36 of 2003 or in the Code of Intellectual property Act No. 52 of 1979 for restoration of expired patent.

It is the position of the petitioner that the whole object of the patent system is that after the expiry of the patent the inventions are available to the public for exploitation and does not create an ephemeral paradise for imitators as contended by the 2nd respondent.

The petitioner is seeking inter alia, a Writ of Certiorari quashing the renewal of the patent bearing no. 10824 dated 09th January 2009 as per paragraph (C) of the prayer and a Writ of Prohibition to restrain the 1st respondent from renewing the patent in question.

The 1st and the 3rd respondents have not filed any objections and informed court that the State will not object to the petitioner's application. The petitioner complains that the acceptance of annual fees and renewal of the patent by the 1st respondent is contrary to law and is not a bona fide exercise of the statutory powers vested in the 1st respondent.

The 2nd respondent contends that the failure to pay annual fees at least during the grace period provided by section 83 (2) of the Act no 36 of 2003 only results in a patent ceasing to be in force temporarily. The learned counsel for the 2nd respondent submitted that the Intellectual Property Act requires the Director General to maintain the registers and once the registration is done by making the relevant entries in the respective registers, the certificates are issued to the registered owners. Counsel argued that although there is provision for removal of industrial Design and or a registered mark from the respective registers on account of non-payment of renewal fees, there is no provision in the Act for removal of a patent from the register of patents.

The sections 46 (4) and section 119 (5) of the Act provides for such removal of Industrial Designs and Marks respectively which reads as follows:

Section 46 (1) of the Act provides as follows:

“ Registration of an Industrial Design may be renewed for two consecutive periods of five years each, on an application made in that behalf and on payment of the prescribed fee.

Section 46 (2) The renewal fee shall be paid within the six months preceding the date of expiration of the period of registration.

Provided , however, that a period of grace of six months shall be allowed for the payment of the fee after date of such expiration , upon payment of surcharge as may be prescribed.

(3) The Director General shall record in the register and cause to be published in the Gazette, in the prescribed form a list of all renewals of registration of Industrial Designs.

(4) Where the renewal fee has not been paid within such period or such extended period as is specified in subsection (2) the Director General shall remove from the relevant register the registration relating to such Industrial Design.”

On perusal of section 119 also it can be seen that similar provisions are contained regarding renewal of registration of a “Mark”

The 2nd respondent argues that in the case of Industrial Design and registered trade marks the Director General has no option but to remove them from the register if the renewal fees are not paid within the prescribed time . However, it was argued that the Director General of Intellectual Property does not have the authority and or empower to remove a patent from the register even if the renewal fee is not paid within the prescribed time under section 83 of the Act.

The section 95 of the Act clearly sets out the grounds upon which a patent comes to an end except the non-payment of annual fees.

Section 95 reads as follows:

“ Where , before the expiration of the license contract any of the following events occur in respect of the Patent application or patent referred to in such contract-

- a) A the patent application is withdrawn
- b) The patent application is finally rejected
- c) The patent is surrendered,
- d) The patent is declared null and void, or
- e) The registration of the license is invalidated.

On a careful reading of the grounds stated in section 95 of the Act it appears that the validity and the term of a patent comes to an end only upon the above grounds and not on non-payment of annual fees. I agree with the sub missions of the counsel for the 2nd respondent on that point on the basis that if non-payment of annual fees amounts to invalidation or permanent loss of existence of the patent the whole purpose of giving a 20 year term of validity is lost. I do not think that it was the intention of the legislature to deprive the patent owner of his right to use the patent for 20 years. I also observe that there is no automatic removal of the patent from the register unless the patent has been invalidated by the 1st respondent for non-payment of annual fees.

As such the 2nd respondent's counsel contends that non-payment of annual fees does not result in the loss of a patent permanently since there is no provision in the Intellectual Property Act which provides that validity of a Patent will come to an end due to non-payment of annual fees whereas the law provides specifically that non-payment of annual fees in respect of an

Industrial Design and registered Marks that the Director General has authority to remove them from the Register.

The question is as to whether the non-payment of annual fees for renewal of a Patent will result in the loss of a patent forever. Further it is necessary to consider as to whether, if the annual fees for renewal of a patent is paid out of time, 1st respondent can has power to extend the validity period of a patent restoring of an expired patent.

It was the contention of the petitioner that there is no discretion or provision in the Act which confers power on the 1st respondent to extend the validity period of an expired patent.

It is conceded that whole objective of a patent system the inventions are available to the public for exploitation after expiry of a Patent.

A patent is a personal property right which lasts for a period of 20 years from the date of registration.

The section 83 (1) "*Subject and without prejudice to the other provisions of this Part a Patent shall expire twenty years after the filing date of application for its registration .*

It is also necessary to consider the 2nd respondent's case at this stage in order to determine the issue before court.

The 2nd respondent has explained in paragraph 13 of the Statement of Objections dated 3rd April 2009 the nature of the invention disclosed by the patent in question as follows:

"The technology disclosed by this patent teaches a method of constructing three dimensional frames using a modular scheme the main advantage of which is configurability of dimensions it readily provides to meet various customer requirements .If not for such technology frame construction parts of different dimensions have to be separately manufactured to suit different customer requirements on a case by case basis..... The technology

invented by the 2nd respondent and protected by patent no. 10824 saves the manufacturers from all that inconvenience enabling quick deployment'

The 2nd respondent further states that it is a world renowned manufacturer of low voltage type tested modular enclosure systems and it exports its products to many countries including England , Australia, New Zealand South Africa, Russia ,The United Arab Emirates , Hong Kong, Singapore , Thailand , Belgium, Germany , and Holland. It is also stated in the Statement of Objections of the 2nd respondent that Elsteel products have been fully type tested by internationally recognized high standards after passing stringent quality control tests.

The 2nd respondent's complaint is that the petitioner has published the type tested certificates in its brochure produced in this case marked P 3 on its Website without approval of the 2nd respondent in such a way as to make any reader or viewer believe that they are certificates received by the petitioner. The complaint of the 2nd respondent is that the importation of products by the petitioner as referred to in P 8 are exact imitations of the 2nd respondent's technology protected by the patent in question.

The 2nd respondent has also stated that it has obtained patent protection in respect of the same technology in several European countries including Austria, Belgium Germany, Denmark, France , United Kingdom, Ireland ,, Italy, Luxemburg, Monaco, Netherlands, Portugal and Sweden in terms of provisions of the Patent Cooperation Treaty.

I also observe that the 1st respondent has ever invalidated the patent in question during the period from the date of registration due to non-payment of annual fees and that is the very reason the 1st respondent accepted the annual fees paid by the 2nd respondent out of time. The 2nd respondent has been using the patent from the date of registration up to date. It appears from a careful reading of the petition and from the written submissions of the 2nd respondent that the petitioner has taken

advantage of the lapse on the part of the 2nd respondent to pay annual fees and misappropriated the technology that belongs to the 2nd respondent.

It appears that there is no express provision in the Act which disallows a renewal of a patent by accepting the annual fees paid out of time after

the grace period. The 1st respondent has accepted the annual fees and the certificate of payment of annual fees has been issued. The acceptance of annual fees for renewal of the expired patent after the grace period provided by section 83 (2) of the Act is not inconsistent with any other provisions of the Act. It appears that 2nd respondent had never intended to discard the patent in question. Even though there appears to be a long delay on the part of the 2nd respondent for applying for renewal by paying annual fees the law does not expressly provide for removal of the patent.

The petitioner is seeking a discretionary remedy from the court to quash the renewal of the patent contained in the certificate marked P 13 and the court takes the view that the discretionary powers of court cannot be exercised in favour of the petitioner in the circumstances. I also hold that the 1st respondent has exercised his statutory powers within the parameters of the law contained in the Intellectual Property Act and acted within the powers conferred upon him .

In **P.S Bus Company v. Ceylon Transport Board** 61 NLR 491 the court held that ,

“ A prerogative Writ is not issued as a matter of course and it is in the discretion of court to refuse to grant it if the facts and circumstances are such as to warrant a refusal”.

In the circumstances I am of the view that the petitioner's application should fail for the reasons set out above and the relief sought by the petitioner cannot be granted and the application of the petitioner should be dismissed.

Accordingly , the petitioner's application is dismissed. No costs.

PRESIDENT OF THE COURT OF APPEAL

Anil Goonaratne J,

I agree.

JUDGE OF THE COURT OF APPEAL.