

Patentability under the Nigerian Patents and Designs Act (PDA): An Introductory Analysis

1. Introduction

The dawn of industrialization globally was helped and sustained in no small measure by the protection of intellectual property rights (IPRs), which ensured that every man had the right and potential to benefit from the fruits of his sweat and ideas. One of the mechanisms that has helped to ensure this consistent march in the area of protecting ideas and inventions over the years has been the use of patents. From the earliest known grant of the Letter Patent under the Venetian Statute by the Italian province of Venice in the year 1474 and the English Statute of Monopolies 1623, the use of patents has gained global recognition in protecting new and inventive devices.¹

A Patent is usually a grant made by the relevant government authorities within a country to protect new inventions or improvements thereon that are considered to have improved the way(s) the earlier inventions were made or used.² In simple terms, a patent is simply a form of market monopoly granted to inventors as an incentive to invent or innovate.³ Because the monopoly granted is usually for a specific period, the period is usually taken as allowing the patentee the opportunity to reap the fruits of his labour before the patent expires and falls into the public domain for free exploitation thereafter. In this respect, it is also a condition for granting patents that, apart from being useful, the process for making the product must be described in detail so that the product or process could be precisely replicated by other people with the relevant know-how at the expiration of the duration of the patent.

It is to note that in granting a Letter Patent, it must be established by the potential patentee that the product meets the requisite criteria for the Letter-Patent to be granted. In simple terms, it is now trite that the global standard or criterion for granting a patent is that the invention must be patentable. In Nigeria, the *Patents and Designs Act* (PDA) does not define the term 'invention,' for the purposes of granting a patent. However, the

¹ See generally 'History of Patent Law' at <http://en.wikipedia.org/wiki/History_of_patent_law> (visited 7th August 2008).

² See F.O. Babafemi, *Intellectual Property: The Law and Practice of Copyrights, Trade Marks, Patents and Industrial Designs in Nigeria* (2006) 342.

³ See William Cornish and David Llewelyn, *Intellectual Property: Patents, Copyright, Trade Mark, and Allied Marks* (2003) 112.

Oxford Advanced Learner's Dictionary defines an 'invention' as 'a thing or an idea that has been invented,' or 'the act of inventing something.' It must be said that for our present purposes, the Advanced Learners' Dictionary define the term 'invent' as meaning 'to produce or design something that has not existed before.' This does not fully capture the essence of 'invention' in the context of granting of patents, because patents can be granted over something that has been produced before but later engineered to be applied in a different way in a manner that qualifies as an inventive process. Therefore, an attempt to precisely define an 'invention' is unhelpful for the present purposes. This was the stance taken by the Court in ***Crossley Radio Corporation v. Canadian General electric Co Ltd (1936) D.L.R. 508***, in stating that:

'It would be idle to attempt a comprehensive definition. In certain cases, the decision must necessarily be the result of nicety. It is a question of fact and degree...depending upon practical considerations to a large extent rather than upon legal interpretation.'⁴

As against attempting to define what constitutes and 'invention' for the purposes of granting a patent, section 1 of the Nigerian *Patents and Design Act*⁵ (PDA) stipulates the circumstances under which an invention could be considered patentable. Under the section, an invention is patentable if:

- i. it is new, results from inventive activity and is capable of industrial application, or,
- ii. if it constitutes an improvement upon a patented invention, and also, is new, results from inventive activity and is capable of industrial application.

The incidence of 'newness' seems to be cardinal in the contemplation of the PDA. This is also called the incidence of 'novelty.' The newness of an invention is usually gauged against the 'state of the art or existing knowledge based, and prior use.'

In further explaining the import of a new invention, the PDA states that an invention is new if it does not form the state of the art, in other words, being part of the existing body of knowledge in the field concerned which has been made available in writing or orally to the public before

⁴ Cited in Babafemi above note 2 at 348.

⁵ Cap. P2 Laws of the Federation of Nigeria 2004

the date the application for patent was filed.⁶ On the other hand, an invention is said to result from inventive activity if it does not obviously follow from the state of the art; as to the method, the application, the combination of methods, or the product which it concerns, or as to the industrial results which it produces.⁷ In any case however, under the PDA, scientific principles and discoveries are not classified as inventions for purposes of a patent application and grant⁸.

Under section 1(1)(C) of the PDA, an invention is said to be capable of industrial application if it can be manufactured or be used in any kind of industry, including being usable for agricultural purposes.

2. The Grant of Letter Patent

When the conditions for patentability as identified above have been met in a particular situation, the grant of letter patent is to be made with respect to the invention in issue. Procedurally, every patent application shall be made to be Registrar of Patents and Designs (Registrar) and shall:

- a. contain the applicant's full name and address, and if the address is outside Nigeria, there should be an address for service within Nigeria;
- b. contain a description of the relevant invention with any appropriate plans and drawings;
- c. contain a claim or claims (for any number of products, processes or applications), however, an application shall relate to one invention only;
- d. the application shall also be accompanied by the prescribed fees as determined by the Registrar from time to time;
- e. be accompanied in appropriate cases by a declaration by the true inventor of the product supplying his name and address that he/she be acknowledged as such in the patent;
- f. where the application is submitted by an agent, then a power of attorney authorizing the donee of the power of attorney to that effect shall be included.⁹

⁶ See section 1(2)(a) of the PDA.

⁷ See section 1(2)(b) of the PDA.

⁸ See section 1(5) of the PDA.

⁹ See section 1(1) of the PDA.

2.1 The Grantee of Patent

The right to the grant of a patent is vested in the statutory inventor. A statutory inventor is defined under the PDA as 'the person who, whether or not he is the true inventor, is the first to file, or validly to claim a foreign priority for, a patent application in respect of the invention.' This trend will make the person that has been granted a patent to be known as the 'statutory inventor'.¹⁰ This notwithstanding, the law requires that the true inventor be named as such in the patent and this requirement is mandatory and cannot be negotiated away or waived by the true inventor.¹¹

Where an invention has been made by a person employed by another person or in the execution of a contract for the performance of a specified type of work, the right to a patent over such an invention will be vested in the employer or the person that commissioned the inventor to produce the work.¹² However, a point to note is that the right of the employer or the person that commissioned the production of a specified work to be granted a patent is not absolute. Where the employee, by the nature of his employment, is not required to undertake inventive activities but has utilized the facilities or data provided by his employer, or where the invention is considered to be of exceptional importance, the inventor is entitled to fair remuneration, taking into cognizance his salary and the importance of the invention.¹³ Under the PDA, this right to remuneration cannot be modified by contract between the inventor and his employer and the inventor is entitled to approach the Court to enforce his right, where necessary.¹⁴

The PDA did not indicate the nature of the invention that would be considered 'exceptionally important' for the purpose of entitling an employee to remuneration, and that is a lacuna that could, in practice, lead to difficulties. This is because while it may be easy to determine situations where an employee has utilized the data or facilities of his employer for an inventive activity, it is not clear when an invention would be considered to be of 'exceptional importance' and who should make that determination for purposes of remunerating the inventor. There is no doubt that, given the option, any inventor would consider his work to be 'exceptionally important', while most employers might think otherwise and there could be a stalemate in determining the issue, and by extension, the

¹⁰ See section 2(1) of the PDA.

¹¹ See section 2(2) of the PDA.

¹² See section 2(4) of the PDA.

¹³ See section 2(4) (a) of the PDA.

¹⁴ See section 2(4) (b) of the PDA.

issue of whether or not the inventor is entitled to any remuneration for the invention.

A suggested approach in determining this issue of the relative importance of an invention for purposes of compensating the inventor is to give the employer the choice of election. In other words, the employer or the person that commissioned the work would have the option to elect to relinquish the title to the invention if the work is not considered exceptionally important enough to warrant compensating the inventor. Otherwise, the inventor should be entitled to remuneration once the employer or any other person entitled to claim title over the invention has elected to claim such a title. This obviates a situation where someone elects to claim title to an invention and still refuses to remunerate the inventor on the ground of the invention not being exceptionally important.

3. The Rights of a Patentee

A patentee is the person to whom a patent has been granted by the Registrar after the patent application has been examined and found to have satisfied all the requisite conditions.¹⁵ When granted, a patent confers exclusive rights on the patentee that precludes any other person from engaging in the following acts in respect of the invention covered thereof:

- i. where the patent has been granted in respect of a product, the act of making, importing, selling or using the product, or stocking it for the purpose of sale or use; and
- ii. where the patent has been granted in respect of a process, the act of applying the process or doing, in respect of a product obtained directly by means of the process, any other acts mentioned above.¹⁶

It is to note that these rights of a patentee can be transferred by succession, assigned, or held in joint ownership with other persons once such an arrangement is in writing, signed by the parties, and registered in the Register of Patents (The Register).¹⁷ The rights conferred by a patent continue to be active and enjoyable by the patentee during the duration of the patent so granted. In Nigeria, the duration of a patent is usually for a period of twenty (20) years, counting from the date of filing of the

¹⁵ The detailed conditions are stated in section 3 of the PDA.

¹⁶ See section 6 of the PDA.

¹⁷ See section 24 of the PDA.

patent application,¹⁸ except where the patent lapses, is surrendered¹⁹, or is declared a nullity by a Court of competent jurisdiction.²⁰

4. Compulsory Licences

What can be considered an exception to the discussions already had above is the use of compulsory licences in appropriate cases. As the name implies, a compulsory licence is one that can be granted to third parties for the use of a patented product or a product whose patent application is pending, and this, without the approval or consent of the patentee or potential patentee.²¹ It is usually granted in a variety of situations including but not limited to reasons of preventing the abuse of a patent by the patentee or to respond to national health emergency within the country concerned or abroad.²² For instance, when there were cases of the outbreak of Meningitis and Polio in some parts of Nigeria, such situations could be declared a national health emergency that could empower the Federal Government or the States concerned to grant compulsory licences for the manufacture of the drugs used in treating such ailments without the consent of the right holders. For instance, in 1997 South Africa effected an amendment to its health regulations to allow for compulsory licences to be granted for AIDS drugs and for local pharmaceutical companies to make cheap and affordable generic versions of those drugs²³.

The grant of compulsory licences is supported by the international regulatory instrument for trade and services relating to intellectual property, which is the ***Agreement on Trade-Related Aspects of Intellectual Property Rights 1994*** (TRIPs Agreement²⁴). Under articles 30 and 31 of the TRIPs Agreement, Contracting parties are allowed to grant the use of patents to third parties without the authorization of the right holder, provided that such a grant does not unreasonably prejudice the legitimate interests of the patent owner, while taking cognizance of

¹⁸ See section 7(1) of the PDA.

¹⁹ See section 8 of the PDA for conditions for the surrender of a Patent.

²⁰ See sections 7(2), and 9 of the PDA respectively for the circumstances under which a patent will lapse or be declared a nullity.

²¹ The First Schedule to the PDA has detailed provisions on this.

²² It is on record that South Africa granted compulsory licences to some pharmaceutical companies to manufacture antiretroviral drugs to combat the AIDS epidemic that was ravaging the country.

²³ See generally, Someshwar Singh 'Compulsory Licensing Good for US Public, Not others' at <<http://www.twinside.org.sg/title/public-cn.htm>> (visited 20th August 2008.)

²⁴ The TRIPs Agreement is Annex IC to the Marrakesh Agreement Establishing the World Trade Organization (WTO) signed in Marrakesh, Morocco, 15 April 1994. See ***the Agreement on Trade-Related Aspects of Intellectual Property Rights 1994*** at <http://www.wto.org/english/tratop_e/trips_e/t_agm0_e.htm> (visited 20 August 2008).

legitimate third party interests. Under section 31 of the TRIPs Agreement, among other conditions, a compulsory licence must be non-exclusive, non-assignable, be considered on their individual merits, compensation to be paid to the right holder, and the legal validity of the decision to grant such a licence and the decision on remuneration to be subject to judicial review. In addition, it has to be established that the proposed user would have sought the licence on reasonable commercial terms from the right holder and has failed to get a positive response from the holder within a reasonable time. (This last condition may be waived in cases on national emergency for non-commercial use of the patent.)

In Nigeria, section 11 and the First Schedule to the PDA provide for the grant of a compulsory licence respecting a patent in deserving cases. In practice, however, the PDA seems to create a dichotomy in the grant of the licence. Part 1 of the First Schedule provides for where a compulsory licence will be granted to a person who makes an application to Court and fulfils certain conditions. Part 2 of the First Schedule provides for the use of compulsory licences by government agencies.

Under Part 1, a person may apply to Court to be granted a compulsory licence after the expiration of four (4) years from the date the patent application concerning the invention was lodged, or at the expiration of 3 (three) years from the date of the actual grant of the patent, whichever is applicable. In granting the licence, however, one or more of the following conditions must have been established before the Court:

- a. that the patented invention being capable of being worked in Nigeria has not be so worked;
- b. that the existing degree of working of the patented invention in Nigeria does not meet on reasonable terms the demand for the product;
- c. that the working of the patented invention in Nigeria is being hindered or prevented by the importation of the patented article;
- d. that, by reason of the refusal of the patentee to grant licences on reasonable terms, the establishment or development of industrial or commercial activities in Nigeria is unfairly and substantially prejudiced.

Under section 14 of the First Schedule to the PDA, the term 'working a patented invention' is said to mean:

- i. the manufacture of a patented article, or

- ii. the application of a patented process; or
- iii. the use in manufacture of a patented machine.

In making the application to Court for the grant of a compulsory licence, the applicant has to satisfy the Court that he has attempted to obtain a contractual licence from the patentee and has been unable to do so within a reasonable time or on reasonable terms.²⁵ The applicant would also have to offer guarantees that satisfy the Court that the applicant will work the patent to the extent that cures the deficiencies that had led to the application for compulsory licence.²⁶

The PDA did not define what would amount to 'reasonable terms' or 'reasonable time' in the context of which a contractual licence should have been granted by the patentee to a third party. This notwithstanding, it is reasonable to argue that the incidence of reasonability in all cases would have to be determined by the Courts in all circumstances, and each case has to be determined on its own merits. It is arguable that an application for a licence because the applicant intends to manufacture drugs to help meet shortfall in demand would be considered on a different timeframe than when the licence is to be used to counter excessive importation of the patented product.

In all circumstances relevant to the grant of a compulsory licence, the particular Court considering an application has to be satisfied that the condition(s) necessary for a grant of such a licence exists. Even so, the patentee is also legally entitled to approach the Court to establish that his actions in relation to the patent are justifiable. In such a situation, if the Court is satisfied with the position of the patentee, the compulsory licence will not be granted by the Court.²⁷ The only exception to the representation by the patentee in this instance is that it cannot be based on the fact that the product in question is freely available to be imported into the country.²⁸

It is to note that the patentee may apply to Court to cancel a compulsory licence if the licensee fails to comply with the terms of the licence or if the conditions that necessitated the grant of the licence have ceased to exist.²⁹ It is to reason that the Court in any particular case would have to

²⁵ See section 5 (a) of Schedule 1 to the PDA.

²⁶ See section 5 (b) Part 1 of Schedule 1 to the PDA.

²⁷ See section 4 Part 1 to Schedule 1 of the PDA.

²⁸ Ibid.

²⁹ See section 9 Part1 of the First Schedule to the PDA.

evaluate the evidence adduced by the patentee in support of the application before arriving at a decision one way or the other.

As noted above, Part 2 of the First Schedule to the PDA provides for the use of patented invention by government agencies under the compulsory licensing regime. Section 23 of Part 2 to the First Schedule to the PDA defines a government agency to mean Federal or State Ministry or Department of Government and includes a voluntary agency hospital, a local authority, statutory corporation, and any company which is owned or controlled by the government.

Under section 15, part 2 of the First Schedule to the PDA, where a Minister is satisfied that it is in the public interest to do so, he may authorize a person to make, purchase, exercise or vend a patented product for the service of the government agency in Nigeria. The Ministerial authorization may be exercised before or after the grant of a patent to the person legally empowered to receive same.

Section 23, Part 2 to the First Schedule to the PDA defines a 'Minister' to mean 'a Minister of the Federation and includes a State Commissioner.' In practice, this definition might present some problems of consistency and engender conflicts. If a Commissioner in a state within the Federation is empowered, in the same way as a Federal Minister, to grant compulsory licences with respect to patented products when he is satisfied that it would be in the public interest to do so, there might be room for abuse or conflict in the exercise of such powers. This is more so since the PDA does not define what would amount to an exercise 'in the public interest.' This is especially so since the Minister may also use the powers conferred under section 20 of Part 2 to the First Schedule of the PDA to compulsorily authorize the making, purchase, use or otherwise of a patented product in times of national or community emergency.

A suggested better approach would have been for the exercise of such powers to be vested in the Federal Minister only, and where it is to be exercised by a state commissioner, then, it would have to be by delegation and approval of the Federal Minister. This makes for consistency in the channel of approval and grant of such licences as against where every commissioner in the states of the federation has such a right. More importantly, patents and designs are under the Exclusive Legislative List under the Nigeria Constitution, which means that it is only the National Assembly and the Federal Government that can make laws and regulations in that respect³⁰.

³⁰ See Item 43 of the Exclusive List to the Constitution of Nigeria 1999.

4.1 Rights of a Compulsory Patentee

A person that has been granted a compulsory licence shall have all the rights that a patent confers on a patentee under section 6 of the PDA, but this does not extend to the right to import the product in question. The licence is also non-exclusive, meaning that it does not stop the original patentee from using or otherwise dealing with the patent as he may deem fit. Also, the grantee of a compulsory licence is not entitled, *ipso facto*, to grant a further licence(s) thereon to third parties.³¹

It is obvious that the provisions of the PDA with respect to compulsory licences have been tailored or modified to substantially comply with the provisions of the TRIPs Agreement as discussed above. The major and fundamental difference between these regimes is that under the PDA, once a compulsory licence has been granted, the licensee is insulated from making any payment to the patentee in the form of royalty or any other manner described. In contrast, under the TRIPs Agreement, the right holder (patentee) is entitled to remuneration as of right from the licensee of a patent.

The preceding discussions have highlighted the meaning and conditions for the grant of letter patent and compulsory licenses under the Nigerian law. What is left is to state that, apart from scientific principles and discoveries mentioned early-on, it is not all 'inventions' that are considered patentable under the PDA. In essence, some inventions are considered un-patentable for several reasons as discussed below.

5. Un-patentable Inventions or Processes

Under section 1(4)(a) and (b) of the PDA, patents cannot validly be granted or obtained in respect of the following:

a. plant or animal varieties, or essentially biological processes for the production of plants or animals (other than microbiological processes and their products); or

b. inventions the publication of or exploitation of which would be contrary to public order or morality (it being understood for the purposes of this

³¹ See section 6, Part 1 to the First Schedule to the PDA.

paragraph that the exploitation of an invention is not contrary to public order or morality merely because its exploitation is prohibited by law.)

Subsection (b) above is almost on all fours with article 27(3)(b) of the TRIPs Agreement and has also introduced the same uncertainty that has bedevilled that aspect of the TRIPs Agreement.

In dealing with the above provisions, the first problem is to deal with the phrase 'essentially biological processes for the production of plants or animals.' The issues are: what are essentially biological processes? What are micro-biological processes, and how are they so materially different from biological processes that while the former merit the grant of patents, the latter do not? The difficulty inherent in attempting to precisely distinguish between these processes were among those that confronted the U.S. Supreme Court in *Diamond v. Chakrabarty* (65 Law Ed. (2d) 144 1980). In the case, it was an application for a patent for genetically-engineered micro-organism that was said to be capable to dispersing oil-slicks. The argument against the grant of the patent was that under U.S. law patents were not permitted for things found in nature or things occurring naturally. The U.S. Supreme Court held that apart from a human being, 'anything under the sun made by man should be regarded as patentable.' This aphorism by the Court is capable of creating other problems because if all man made living things are patentable, some could argue that men 'are by that fact playing God' and this could disrupt public order and therefore render such creations un-patentable under the Nigerian law.

Additionally, in terms of inventions that would be contrary to public order or morality, the PDA does not define the benchmark for public order or morality and how such terms could be measured for the purposes of application in terms of patents. This is very crucial in a country like Nigeria that is multi-ethnic, multi-cultural and multi-religious and where the yardstick and parameters for assessing morality differ among ethnic groupings, social standings, tribes and religions.

It might be easier to determine the essential ingredients of public order in a polity by considering factors that may derail existing governmental structure and social equanimity within a state and consider those as capable of derailing public order. A point to note is that this leg of prohibition could be used to regulate several types of inventions from being presented for patent, for instance, products that could impinge on the susceptibilities of a particular ethnic or religious group and lead to protestations capable of distorting socio-political equilibrium within the society concerned.

6. Conclusion

This edition of Templars' IP Newsletter has introduced and considered the issue of patentability under the relevant law in Nigeria. The use of patents has been one of the veritable tools in the hands of men since the dawn of industrial revolution for the protection of their inventions, especially inventions that are considered to have commercial value and appeal. Patents afford protection for a limited time to the inventor of a product to the exclusion of others, with few exceptions, as discussed above. This temporary protection affords added impetus for recouping of the fruit of the inventive ingenuity of the inventor and encourages further creativity and inventiveness by all and sundry. This creativity, in turn, engenders increased productivity and innovativeness, and acts as a catalyst for sustained industrialization of the country involved.

Having said the above, it is discouraging that due to the weak technological and industrial base in Nigeria, which is largely due to the absence of constant supply of electric power, the use of patents in this country has been abysmally low. The PDA, which is the principal instrument that regulates the regime of patent and designs, is almost 40 years since it was adopted and requires upgrade and modifications to be in tune with the emerging technological changes in the world. This is especially so in the present world of biotechnology, genetic-engineering, and nanotechnology. In the technologically driven world of today, where 'knowledge moves at the speed of thought'³², it is necessary that regulations and laws that were made with the mindset of the 20th century must be upgraded and reformed to meet the fresh challenges of the 21st century. One of those key challenges relates to the issue of patentability or otherwise of increasing genre of things. In Nigeria, a review of the PDA would be a veritable starting point.

³² Courtesy of Bill Gates' Book 'Business at the Speed of Thought.'